Policy Title: Risk Management Policy

Policy Manual Section: Governance

Date Approved by Management Committee: September 2019

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Risk Management Policy

Contents

Risk Management Policy

1.0 Purpose of the Policy

1.1 The Risk Management Policy (the Policy) forms part of the Association's internal control and corporate governance arrangements.

1.2 The Policy explains the Association's approach to risk management, details the roles and responsibilities of the Management Committee, the Audit & Staffing Sub-Committee, the senior staff team and staff. It describes key aspects of the risk management process and identifies the main reporting procedures.

1.3 It also outlines the process the Management Committee will use to evaluate the effectiveness of the Association's internal control procedures.

2.0 The importance of Risk Management

2.1 The focus on risk management as part of the process of good governance, effective business planning and safeguarding the interests of our tenants and other customers take account of the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management (2019).

2.2 An effective approach to risk management and internal control assurance framework are key requirements of the Regulatory Framework. We must also demonstrate to the External Auditor the effectiveness of the internal control framework and assurance, which will be included in the financial statements and signed off by the Management Committee. An effective risk management Policy is an integral part of this assurance and is crucial to support this statement. The Association will continue to embed risk management in all that we do through a pro-active focus on risk identification and management to mitigate their impact on our objectives.

2.3 Risk Management is beneficial to the Association as it:
- Helps us to be more flexible and responsive to new internal controls;
- Helps us make informed decisions;
- Provides assurance to the Management Committee, Audit & Staffing Sub-Committee, Senior Staff Team and other stakeholders e.g. Housing Regulator, External Auditor;
- Reduced incidents and other control failures; and
- Helps in the achievements of the Association key aims, tasks and targets.

2.4 Managing the risks to our business aims reduced the likelihood of having to deal with unexpected issues that may compromise our ability to achieve our aims. It ensures pro-active management rather than reactive crisis management. At a time of global austerity and challenges affecting our work, our people and community it is important that we manage risk effectively to limit any unforeseen issues.

2.5 The framework for managing risk sets out the process through which risks will be identified, assessed, controlled, monitored and reviewed. The framework is designed to:
- Facilitate greater stewardship of the business by the Management Committee in their role to manage risk.
- Integrate risk management into the culture of the Association;
- Raise awareness of the need for risk management;
- Encourage a positive approach to risk management;
- Link the risk management to the internal audit and self-assessment programme
- Anticipate and respond to changing social, environmental, legislative and political requirements.
- Prevent injury and damage and reduce the cost of risk
- Support improved decision making, innovation and performance, through a good understanding of risks and their probability and impact; and
- Manage risks in accordance with best practice

2.6 In the Association's assessment of risk management we should assess what constitutes a sound system of control and in doing so should consider:
- The nature and extent of the risks facing the Association.
- The extent and categories of risk, which it regards as bearable.
- The likelihood of the risks concerned materialising.
- The Association's ability to reduce the incidence and impact on the business of risks that do materialise.
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

2.7 Almost every activity undertaken by the Association has a risk and financial dimensions. Thinking about both risk and finance is integral to, and unavoidable in, any of the Association's business decisions. It is also important however to consider other factors, such as risk to reputation, that can also have a substantial financial impact on the Association. Therefore, risk management should be a routine part of every aspect of the Association's activities.

3.0   Risks and Risk Management – Definitions and Basic Principles

3.1   Risk can be broadly defined as *"any event or action that prevents the Association from maintaining good performance and/or from meeting pre-set targets, goals and plans and/or results in loss being incurred."*

3.2   Risk Management can be broadly defined as 'The term applied to a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise losses and maximise opportunities'. In simpler terms the concept is about:-

- Identifying the risks – Risk Identification
- Evaluating the impact of risk and the probability of risks arising – Risk Evaluation (impact and probability)
- Does the benefit outweigh the risk? – Risk/Benefit Analysis
- Can we do any thing to reduce it? – Risk Reduction
- Has anything happened which alters the risk? – Risk Monitoring
- What plans can we put in place in case the event should recur – Service Continuity Planning?
- Can we insure against or contract out the risk – Risk Transfer
- What financial provisions should we hold for the risk – Risk Funding

3.3   The core principles of risk management consist of

- Risk Identification
- Risk Assessment and
- Response to material risk.

4.0   Risk Management Aims & Objectives

4.1   The aims and objectives in our management of risk are to:

- Provide continuous high quality services to our tenants and other customers;
- identify and analyse risks to determine their impact on the Association;
- prioritise and implement economic control measures to reduce or remove risks;
- Protect and promote the Association's reputation;
- Through training and communication systems, develop and maintain a structured risk management culture, where risk is considered in the decision making process by the Management

Committee and Senior Staff Team, as well as in the everyday working situations of all staff;

- Maintain a system for recording and providing accurate, relevant and timely risk management information;
- To incorporate control measures to mitigate risks from Sectional Risk Maps and the Corporate Risk Register;
- Report progress on the Corporate Risk Register quarterly to the Management Committee;
- Reduce the long term cost of risk to the Association
- Report on and review the risk management Policy in accordance with best practice guidelines

4.2   The above objectives will be achieved by:-
- undertaking risk management awareness training
- establishing an organisational structure which involves all staff and Committee in the identification and management of risk;
- maintaining an appropriate incident reporting and recording systems with investigative procedures to establish the cause and prevent recurrence;
- prepare risk action plans for key risks in the Corporate Risk Register and for each section of the Association
- preparing contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the Association and its ability to do business. (Disaster Recovery Plan);
- maintaining effective communication and the active involvement of every member of staff and Committee of the Association
- reviewing and monitoring arrangements on an ongoing basis

5.0   Strategic Aims & Values

5.1   This Policy is aligned and informed by the Association's Strategic Aims in the Business Plan 2019-22 and our Values. These are:

5.1.1   Strategic Aims:

I.   Deliver first class services and homes to our customers;

II.   Listen to and enhance our relationships with our customers;

III.   Invest in our people to excel;

IV.   Improving Cadder;

V.   Attain best value in all that we do; and

VI.   Deliver Good Governance and be seen to be doing it.

5.1.2   Association Values:

The Association identified core values that are guiding principles in our work and activities are:

- ✓ Trust

- ✓ Quality

- ✓ Customer Focussed

- ✓ Commitment

- ✓ Respect

- ✓ Reliability

6.0   Roles & Responsibilities

6.1   Role of the Management Committee

6.1.1   The Management Committee has a fundamental role to play in the management of risk, they:
- Set the tone and influence culture of risk management within the Association, which includes:
  - o Determining whether the Association is 'risk taking' or 'risk adverse' as a whole or on relevant individual issue.
  - o Determining what categories of risk are acceptable and those that are not.
  - o Setting standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite of level of exposure for the Association
- Always consider risk in their decisions
- In partnership with the Senior Management Team identify and score risks to inform key risks that may affect the Association's ability to achieve the strategic aims and mission as outlined in the Business Plan.
- Approve the annual review of the Corporate Risk Register
- Monitor progress against controls to mitigate key risks in the Corporate Risk Register on a quarterly basis in the year
- Satisfy itself that risks are being actively and effectively managed, with appropriate controls are being actioned to mitigate risk.
- Hold to account and constructively challenge the Senior Staff Team on progress of controls to mitigate risks.
- Review the risk management policy taking account of regulatory requirements and good practice to ensure it promotes a robust approach to the management of risk.

6.2   Role of the Audit & Staffing Sub-Committee

6.2.1 The Audit & Staffing Sub-Committee will have a key role to manage risk through the audit programme:
- Consider risks in the Corporate Risk Register to inform the annual internal audit programme.
- Consider performance information and other factors in relation to our business and services to our tenants and other customers and in doing so, consider risks which could compromise our aims.
- Satisfy itself that risks are being actively and effectively managed through completion of self assessment and internal audit programme and progress against recommendations from associated action plans.
- Contribute in the review of the risk management policy, making recommendations with the aim to further strengthen the Association's management of risk.

6.3   Role of Senior Staff Team

6.3.1 The Senior Staff Team have a key role to implement the risk management policy and ensure risk is embedded throughout the Association's work and staffs' considerations in their day to day activities. They will
Roles
- Ensure that the Association manages risk systematically, economically and effectively through the development of an all-encompassing risk management Policy.
- Contribute towards the development, implementation and review of the risk management Policy.
- Relay their experience on risk, risk management and Policy implementation to their staff.

Responsibilities
- Prepare risk maps through identifying strategic and operational risks in each section of the Association's work.
- Score the probability and impact of risks to inform the Corporate Risk Register.
- Incorporate controls that are S.M.A.R.T to mitigate risks in the sectional risk maps and Corporate Risk Register Prepare relevant contingency / action plans for key and specific risks in the Corporate Risk Register.
- Prepare an action plan of controls and specifically tasks and targets to mitigate sectional risks.
- Monitor, evaluate and update the Corporate Risk Register. Identify any new or emerging risks throughout the year and if necessary update the Corporate Risk Register.
- Present quarterly reports to the Management Committee on the Corporate Risk Register and key risk action plans. This report

should show progress against controls and demonstrate to the Committee risks are being managed effectively.

- Senior Staff to present progress against the action plans to:
  - the Director on progress of controls of risks in the Corporate Risk Register; and
  - their staff at team meetings to ensure awareness, ownership and achievement of controls and risks.
- Ensure risk management and its processes are embedded in each section of the Association.
- Disseminate the details of the Policy, Corporate Risk Register and action plans to allocate responsibilities for controls including tasks and targets to mitigate risk in each section of the Association
- Discuss risk at the Sectional team meeting, through identify new risks and challenges, also progress against the sectional risk map and Corporate Risk Register.
- Ensure the Policy is implemented across all sections of the Association
- Contribute to Committee and staff training and development to enable the development, control and implementation of risk management

6.3.2 The Director has the responsibility of the "Risk Management Co-ordinator" and will take the overall responsibility for the administration and implementation of the risk management process. He will delegate responsibilities to Sectional Managers, corresponding to their operational area. They will ensure that risk management is implemented on a day-to-day basis and that risk is managed effectively across the Association.

6.4. Staff

6.4.1 Staff have a key role in risk management, where they:
- Contribute towards the development and review of sectional risk maps through identification of risks.
- Identify and manage risk in their day to day work.
- Undertake key tasks in the controls to mitigate risk as outlined in the Corporate Risk Register and Risk Action Plan (Key and sectional risks)
- Contribute towards the development of risk assessments to improve Health & Safety in the workplace.
- Discuss current risks and progress against risk maps and the Corporate Risk Register at their Sectional team meetings.
- Participate in staff training and awareness sessions to ensure they can implement the risk management Policy and mitigate risks in their work.

6.5 Appendix 1 details the roles and responsibilities in risk management by the management / staff in the Association.

7.0   Risk Appetite

7.1   The success of the Association hinges on how effective we are at managing key risks, which in turn supports the achievement of our strategic and operational aims, tasks and targets. There is an element of risk in all the activities that we undertake.

7.2   Risk appetite is defined as the amount of risk an organisation is prepared to tolerate or to be exposed at any one time, should the risks be realised. Too great a risk appetite can jeopardise a project or activity, whilst a lack of willingness to take risk could result in a lost opportunity.

7.3   The Association's risk threshold will focus on the Corporate Risk Register and other work and services for example development programme, trade team, community centre, universal credit. The Association will actively seek to manage the risk and prioritise time and resources to reducing, avoiding or mitigating these risks.

7.4   The Management Committee will discuss the key risks affecting the Association at an annual meeting to inform the Corporate Risk Register and consider the Risk Appetite (what level of risk is acceptable) for the Association and the appropriate level of risk mitigation for each risk in the Register and Association's work.

7.5   The members of the Senior Staff Team will be a 'risk owner' and designated risk on the Corporate Risk Register.   Risk owners will ensure that their action plan addresses the risks identified and will be required to monitor and provide progress information on their portfolio of risks, which will inform quarterly reports to the Management Committee. Risk owners will be reviewed on an annual basis at the time of the review of the Corporate Risk Register.

8.0   The Risk Management Framework and Process

8.1   The Association's risk management process features the following steps:

Step 1   -   Identify Risks

The Management Committee and staff are best placed to identify risks facing the Association.

Identifying risk is the responsibility of the Management Committee, the Director, Sectional Managers and all staff of the Association on an ongoing basis. This is part of a risk management culture and therefore any proposal for significant new or enhanced activity must always consider the risks involved for the Association.

The identification of risk will take place on an annual basis involving the Management Committee, Senior Staff Team and staff to inform sectional risk maps.

The aim is to identify risk based on our Strategic aims and each section's objectives, tasks and targets, through identifying threats that could jeopardise their achievement and it turn look at ways to manage and control these risks.

Each member of the Senior Staff Team will engage with their team to identify the Strategic and operational risks to inform the preparation of their Sectional Risk Map as listed:

- Governance   -   Director in conjunction with the Management Committee;
- Finance and Administration   -   Finance & Corporate Services Manager;
- Customer Services   -   Customer Services Manager;
- Wider Action   -   Director.
- Community Centre   -   Community Regeneration Manager

Strategic risks will be threats or opportunities that could affect decisions or achievement of the Association's strategic aims. They should also consider the following categories of risk from external factors on the Association: -
  - Political;
  - Economic;
  - Socio-demographic;
  - Technological;
  - Legislative;
  - Environmental;
  - Competitive;
  - Tenant/citizen.

Definitions of the above are contained in Appendix 3a

Operational risks will be threats or opportunities that could affect decisions or achievement of operational tasks, which compromise our ability to meet our strategic objectives. They should the following categories in the assessment of operational risks as follows:

- Professional;
- Financial;
- Legal;
- Physical;
- Contractual;
- Technological;
- Environmental.

Definitions of the above are contained in Appendix 3b

Project risks will be threats or opportunities in a specific project for example development opportunity, partnership arrangements or major service contract. In these instances the specialist advice may be sought to supplement our own expertise, where appropriate e.g. legal, financial, insurance advice

Equalities
When identifying risk all activities undertaken by the Association must be assessed for their compliance with our Equal Opportunities and Diversity Policy. We will seek to ensure that there is no risk of discrimination or unfair treatment as a result of our actions.

Step 2   -   Assess the Risks

Each member of the Senior Staff Team will assess each risk and detail the following:
- Cause and effect – Why could this risk occur and what could be the effects if the risk materialised;
- Inherent Risk Score – This identifies the probability and impact score in a situations where there were no controls in place i.e. worst case scenario or if controls in place were ineffective;
- Existing Mitigation / Controls – How are we managing this risk, what are the key controls in place to prevent this risk from occurring;
- Assurance Evidence – Who / Where can we gain evidence that controls are working effectively;
- Residual Risk Score – This identifies the probability and impact score where the controls are in place and are effectively mitigating the risk;
- Planned Actions – Will identify an action from a gap in controls or Assurance arrangements;
- Progress on Actions – Progress against actions should be reviewed depending on risk scoring matrix; and
- Next Review Date

The Inherent and Residual probability and impact levels of each risk will be plotted and prioritised using a 5 by 5 matrix – see appendix 2

The level of probability and impact should be assessed as follows:

Impact		**Probability**	
1. -	Negligible	1 -	Rare
2. -	Minor	2 -	Unlikely
3. -	Moderate	3 -	Possible
4. -	Significant	4 -	Likely
5. -	Major.	5 -	Almost Certain

A probability and impact scoring will then provide an overall risk score.

Step 3   -   Prioritise Risks

There will be a session with the Management Committee to score key sectional risks to inform the Corporate Risk Register.

The Corporate Risk Register will follow a similar format to the Sectional Risk Maps. It will identify for each risk the level in the risk scoring matrix, which will enable the Management Committee in their assessment and approval of the Corporate Risk Register to take an informed view on our risk appetite.

Appendix 4 details the template form for the Corporate Risk Register

Step 4   -   Control Risks

Once the category of risk has been assessed it should be managed in accordance with the risk appetite. There are four categories of response to risk – transfer, treat, terminate and tolerate and appendix 5 outlines their definitions.

Each member of the Senior Staff Team should ensure that the controls from their Sectional Risk Map and Corporate Risk Register associated with their area of work is included in their Sectional Objectives Plan.

The timescale for achievement, action and review of controls in the Sectional Objectives Plan should reflect the overall risk score and traffic light indicator (Appendix 2):

- Red Risks   -   Score Greater than 16
  risks that fall in to the area highlighted as 15 and above will require immediate attention. The status of the risk will require it to be monitored due to its potential impact on the Association activities.

- Amber Risks   -   Score between 12-15
  Risks that fall in to the area highlighted as amber will require action and to be monitored for any change in the risk or control environment which may result in the risk attracting a higher score.

- Yellow Risks - Score between 6-10
  Risks that fall in to the area highlighted as yellow will require to be monitored but in most cases should not require any actions. The yellow risks should be monitored every 6-9 months.

- Green Risks - Score between 1-5
  Risks that fall in to the area highlighted as green will be assessed annually and do not require any action.

Risk owners are responsible for:
- o Ensuring that appropriate and importance are allocated to the process. In assessment of resources they should identify any funding requirement for consideration in the annual budget and five year financial projections;
- o Confirming the existence and effectiveness of mitigating controls and ensuring that any proposed mitigating actions are implemented; and
- o Providing assurance that the risk for which they are Risk Owners are being effectively managed.

Step 5 - Assurance

The Association will identify and implement appropriate controls to manage risks identified. It is imperative that there is assurance at all levels of Association that these controls are working effectively, which will provide evidence and certainty that risks are being managed well and what needs to done is being achieved to mitigate the impact of risks.

There are 3 levels of Assurance:

1. Section
   This level of assurance comes from the section performing the day to day activities well. It can be evidenced through good performance, tenant satisfaction, minimal complaints, etc ;

2. Organisation
   The level of assurance will be through its governance and financial management arrangements. This can be evidenced through the success of its communication arrangements, quality reporting, self assessment, achievement of Business Plan, effectiveness of the governance structure, effective management, financial viability, etc.

3   Independent Assurance
This level of assurance will provide the Management Committee and the Audit & Staffing Sub-Committee with independent assurance from our Auditors and the Scottish Housing Regulator. This can be evidence from regulations plans, audit reports, private discussions with Auditors, etc.

9.0   Training

9.1   The Association will provide training, briefing sessions or other information for relevant staff as follows:

- A presentation on the Corporate Risk Register and controls and actions to mitigate key risks;
- Provide guidance and support through written guidance notes, procedures or risk assessments to mitigate risks in the Association's activities and their days to day duties.
- Training and refresher training to the Management Committee and staff on the Risk Management Policy

10.0   Risk Management & Internal Controls

10.1   Risk management is an integral part of the Association's internal control systems. The system encompasses a number of elements that together facilitate effective and efficient operations, thereby enabling the Association to respond to a variety of operational, financial and commercial risks. These elements include

  i.   Policies & Procedures
Attached to significant risks e.g. Fire & Health & Safety are policies that underpin the internal control process. Written procedures support policies where appropriate

  ii.   Reporting
The Management Committee, Audit & Staffing Sub-Committee and Senior Staff Team will receive key reports allowing them to monitor key risks and their controls e.g.
      Management Committee
- Corporate Risk Register / Risk Action Plans
- Performance Reports
- ARC Reports
- Complaints Reports
- Management Accounts including Covenant Compliance

      Audit & Staffing Sub-Committee
- Audit Reports (Internal / External Auditors)
- Self-Assessment Reports
- Private discussion with Auditors

Senior Staff Team
- Performance Schedules
- Financial Information – Management Accounts

Appendix 6 outlines the framework for risk reporting and escalation.

iii. Business Planning & Budgeting
The annual review of business will identify aims, ambitions and action plans, which will inform the annual budget and medium /long term financial projections, which will all take account of risk. Progress against key business planning and financial reports will be presented as follows:
- Management Committee
  - Quarterly Management Accounts
  - Quarterly report on Business Plan
  - Quarterly report on Corporate Risk Register / Risk Action Plans

iv. Project Management
All approvals for new projects and initiatives will include an assessment of risk. Approval should take account of the risk appetite set by the Management Committee in their approval of the Corporate Risk Register.

v. Audit & Staffing Sub-Committee
The Audit & Staffing Sub-Committee will oversee the effectiveness of the internal and external audit. They will report to the Management Committee annually on the effectiveness of audit and internal control arrangements, as well as identify any emerging issues.
The Audit & Staffing Sub-Committee will have private discussions with the Auditors to discuss any current or emerging issues.

vi. Internal Audit Programme
There will be an internal audit programme set annually, which will take account of key risks. The audit programme is a key element of the internal control process

vii. Self Assessment
The Association will prepare a self assessment audit programme annually. Self Assessments will be undertaken by members of the Senior Staff Team and a report and action plan will be presented to the Audit & Staffing Sub-Committee

viii. External Audit
External Audit undertakes an audit of the Association financial controls and provides update and assurance to the Management Committee and Shareholders at the Annual General Meeting

ix. Other Agencies / Consultants

The Association will take account of any reports from other agencies / consultants that comment on the effectiveness of the internal control systems

11.0 Review

11.1 The Management Committee is responsible for ensuring there is an annual review of the Association's risk management process. They will:

- Set the Corporate Risk Register for the forthcoming year;
- Set the level of risk the Association will manage in the year; and
- Review internal control arrangements;

11.2 The Association will review the effectiveness of this policy every 3 years with the next scheduled review in September 2022.

12.0 Appendices

1 Roles & Responsibilities in Risk Management

2 Risk Matrix & Scoring Criteria

3 Definitions of Strategic and Operational Risk Categories

4 Corporate Risk Register & Sectional Risk Map Template

5 Categories of Response to Risk

6 Risk Management Reporting & Escalating

7 Risk Management Reporting Cycle

8 Glossary of Terms

Appendix 1   Roles & Responsibilities in Risk management

Table 1 – Roles

Management Tier	Role
• Management Committee	To support the organisation and its service functions in the effective development, implementation and review of the Risk Management Strategy. To oversee the effective management of Risk in the Association. To prioritise risks for inclusion in the Corporate Risk Register To monitor progress of the Corporate Risk Register / Key Risk Action Plans
• Audit & Staffing Sub-Committee	To establish the self-assessment and internal audit programme with a key focus on managing and mitigating risk to the Association's strategic aims To establish, review and monitor the effectiveness of internal control arrangements
• Senior Staff Team	Ensure that the organisation manages risk effectively through the development of a comprehensive strategy and share experience of risk, risk management and implementation across the organisation. To present reports associated with the risk management process to the Management Committee To undertake self-assessments and report to the Audit & Staffing Sub-Committee.
• Sectional Teams	To ensure that risk is managed effectively in each service area within the agreed strategy.
• Sectional Managers	To manage risk effectively in their particular service areas.
• Staff	To manage risk effectively in their jobs.

Table 2 – Responsibilities

	Develop the Risk Management Strategy	Agree the Risk Management Strategy	Provide Advice & Support on Strategy Development & Implementation	Prioritise and score risks to inform Risk Register / Action Plans	Implement the Risk Management Strategy	Share Experience of Risk & Risk Management Issues	Review the Effectiveness of Risk Management Strategy
Management Committee		●	●	●			●
Senior Staff Team	●			●	●	●	●
Sectional Teams			●		●	●	●
Sectional Managers	●				●	●	●
Staff					●	●	●
External Partners (e.g. other housing associations)						●	

Appendix 2   Risk Matrix & Scoring Criteria

Risk	Probability				
Impact	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost Certain
5. Major	5	10	15	20	25
4. Significant	4	8	12	16	20
3. Moderate	3	6	9	12	15
2. Minor	2	4	6	8	10
1. Negligible	1	2	3	4	5

Rating	Rating Scale	Safety	Reputational	Media Attitude	Scottish Housing Regulator	Legal Action	Staff	Criminal	Direct Loss	Regulatory / Industry Status	Services Quality
IMPACT											
Negligible		No risk of injury H&S Compliant	External stakeholders not impacted or aware of problem	No adverse media or trade press reporting	High compliance Standards recognised	Unsupported threat of legal action	Minimal effect on staff	High control standards maintained and recognised	Between £0-£1,000	No or little change to regulation in recent history / near future	Negligible effect on service delivery
Minor		Small risk of minor injury. H&S policy not regularly reviewed	Some external stakeholders aware of the problem, but impact is minimal	Negative general housing association article which mentions CHA	Verbal comments received	Legal action with limited potential for decision against CHA	Potential for additional workloads intruding into normal non working time	Attempted Unsuccessful access to operational systems. Minor operational information leaked or compromised	Between £1 - £10,000	Limited recent or anticipated changes	Marginally impaired – slight adjustment to service delivery required
Moderate		High risk of injury, possibly serious. H&S standards insufficient / poor training	A number of stakeholders are aware and impacted by problems	Critical article in Press or TV Public criticism from industry body	Finding in written examination report. Potential SHR intervention	Probable settlement out of court	Increase in workloads. Intrusion into normal non-working time	Logical or physical attack into operational systems	Between £10,000 - £50,000	Modest changes recently or anticipated	Service quality impaired changes in service delivery required to maintain quality
Significant		Serious risk or injury possibly leading to loss of life. H&S investigation resulting in investigation and loss of revenue	Significant disruption and or cost to stakeholders / third parties	Story in multiple media outlets and/or national TV news over more than one day	Multiple or repeat governance failings results in SHR intervention	Law suit against CHA for major breach with limited opportunity for settlement out of courts	Significant injuries, potential death. Major intrusion into staff time	Police investigation launched; operational data or control systems may be compromised	Between £50,000 - £300,000	Potential intervention by lead regulator Significant changes to industry	Significant reduction in service quality experienced.
Major		Potential to cause one or a number of fatalities. H&S breech causing serious fine, investigation, legal fees or stop notice	Stakeholder / third parties suffer major loss or cost	Government or political repercussions. Loss of confidence by public.	Action brought against CHA for significant governance failings .forced merger	Action brought against CHA for significant breach	Deaths an/or major effect on staff lives	Major successful fraud prosecution brought against CHA and Executives for significant failure. Systems totally compromised	Over £300,000	Major complex changes to industry Intervention on behalf of lead regulator	Complete failure of services

PROBABILITY			
Rating	**Rating Scale**	**Probability**	**Example of Loss Event Frequency**
Rare		This will probably never happen	10 years of less frequently
Unlikely		Do not expect it to happen / recur but it is possible it may do so	Once every 5 years
Possible		Might happen or recur occasionally	Once every 2 years
Likely		Will probably happen / recur but it is not a persisting issue	Annually
Almost Certain		Will undoubtedly happen / recur, possibly frequently	At least annually

Risk Scores	Overall Risk Rating	Review Period
16 – 25	A	Monthly
11-15	B	Every 3 Months
6- 10	C	Every 6 Months
1 - 5	D	Every 12 Months

Appendix 3   Definitions of Strategic and Operational Risk Categories

a)   Risk Categories – Strategic - hazards and risks which need to be taken into
        account in judgments about the medium to long term goals and objectives of
        the Association. These may be:

        i) – Political - Those risks associated with failure to deliver either local or
            central government policy, or meet the Management Committee's
            objectives.

        ii) – Economic - Those affecting the ability of the Association to meet its
            financial commitments. These include internal budgetary pressures, the
            failure to purchase adequate insurance cover, external macro level
            economic changes (e.g. recession, depression, changes in interest rates,
            inflation, borrowing consent or other responses to the general
            environment in which we operate), or the consequences of proposed
            investment decisions

        iii) – Social - Those relating to the effects of changes in demographic,
            residential or socio-economic trends on the Association's ability to deliver
            its objectives.

        iv) –Technological - Those associated with the capacity of the Association to
            deal with the pace/scale of technological change, or its ability to use
            technology to address changing demands. They may also include the
            consequences of internal technological failures in relation to the
            Association's ability to deliver its objectives.

        iv) – Legislative - Those associated with current or potential changes in
            national, U.K. or European Law.

        v) – Environmental - Those relating to the environmental consequences of
            progressing the Association's strategic objectives (e.g. in terms of energy
            efficiency, pollution, recycling, landfill requirements, emissions, etc).

        vi) – Competitive - Those affecting the competitiveness of the service (in
            terms of cost or quality) and/or its ability to deliver Best Value

        vii) – Tenant/Resident - Those associated with failure to meet the current and
            changing needs and expectations of tenants and residents.

b) - Risk Categories – Operational - hazards and risks which managers and staff will encounter in the daily course of their work. These may be:

i) – Professional - Those risks associated with the particular nature of each profession (e.g. maintenance concerns over properties at risk from deterioration; housing management concerns as to the welfare of tenants).

ii) – Financial - Those associated with financial planning and control and the adequacy of insurance cover.

iii)– Physical - Those related to fire, security, accident prevention and health and safety (e.g. hazards/risks associated with people, buildings, vehicles, plant and equipment, etc)

iv)– Contractual - Those associated with the failure of contractors to deliver services or products to the agreed cost and specification.

v)– Technological - Those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery).

vii) – Environmental - Those relating to pollution, noise or energy efficiency of ongoing service operation.

Appendix 4   Risk Templates

a)   Sectional Risk Map Template

Risk Category	Description of Risk	Scoring of Risk			Control Action Required	Triggers for Action
		P	I	Total		

b)   Corporate Risk Register

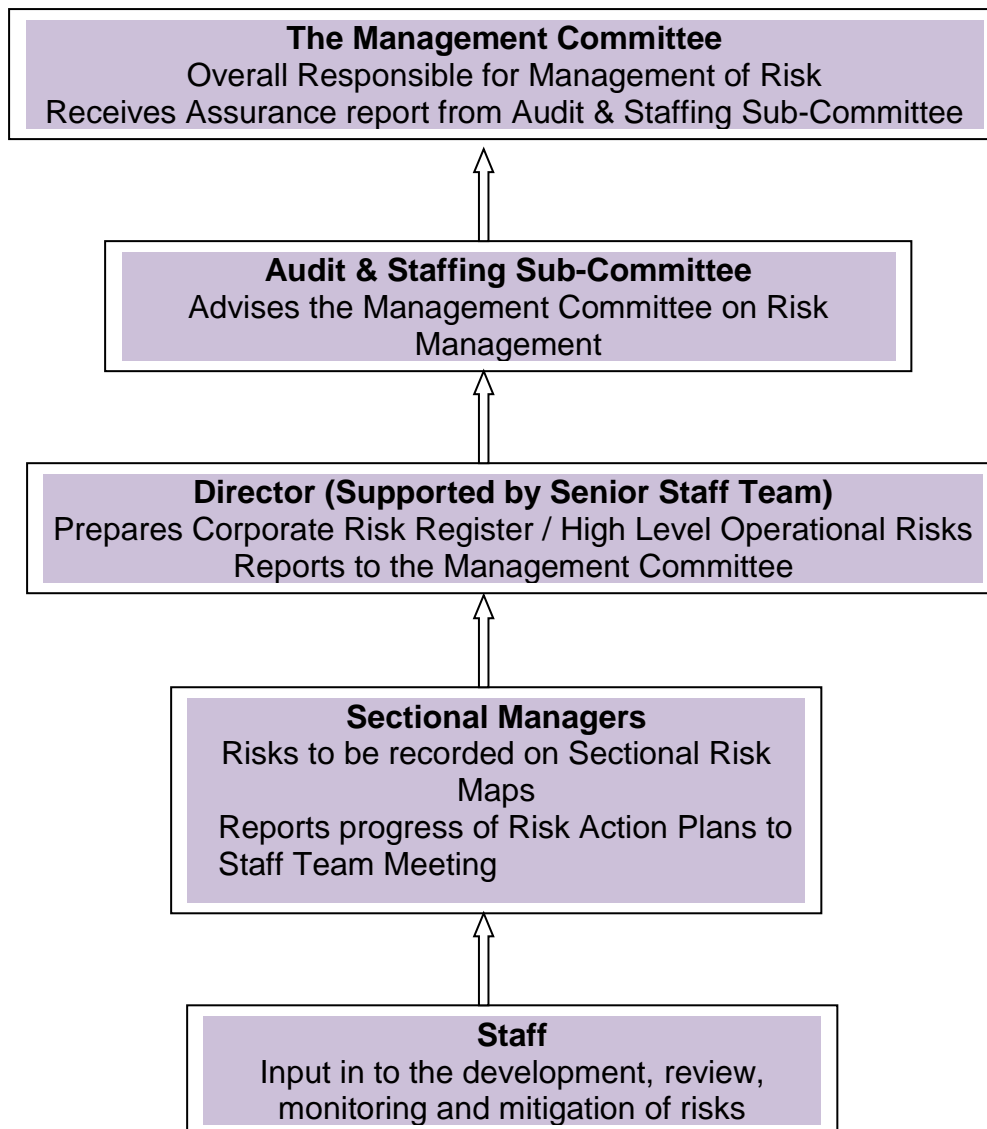| Risk Ref	Risk Description / Risk Owner	Cause and Effects Why could this risk occur and what could be the effects if the risk materialised	Inherent Risk Score (Without Controls)	Existing Mitigation / Controls How are we managing this risk? What are the key controls in place to prevent this risk from occurring	Assurance / Evidence Who / Where can we gain assurance that these controls are working effectively	Residual Risk Score (Current)	Planned Actions Is the action a Gap in Control (C) or a Gap in Assurance (A)	Progress on Action At what stage are we at with the current action	Traffic Light Indicator
			P= I = T =			P= I = T =			

Appendix 5   Categories of Response to Risk

In managing risk there are 4 categories of response, they are:

Response	Descriptions
Transfer the Risk	Risks can be transferred to an insurers e.g. legal liability, although it is not possible for all risks Service delivery risks can be transferred to a partner or contractor by way of a formal contract or written agreement e.g. I.T, repairs Some risks cannot be transferred e.g. those that have a reputational impact
Treat the Risk	Risks need additional controls to reduce the probability and impact levels This response is most likely where the risk has been identified as a high risk due to the probability and impact score and there is the option to introduce further controls that will mitigate the risk.
Terminate the Risk	A risk maybe outside the Association's risk appetite and we don't have the ability to introduce additional controls to reduce the probability and/or impact of the risk therefore there is no option other than to terminate the activity generating the risk e.g development.
Tolerate the Risk	The controls in place reduce the probability and impact levels to an acceptable level (within appetite) and the introduction of additional controls would be prohibitive. The decision is therefore to tolerate the risk.

Appendix 6   Risk Management Reporting & Escalating

The Management Committee
Overall Responsible for Management of Risk
Receives Assurance report from Audit & Staffing Sub-Committee

↑

Audit & Staffing Sub-Committee
Advises the Management Committee on Risk Management

↑

Director (Supported by Senior Staff Team)
Prepares Corporate Risk Register / High Level Operational Risks
Reports to the Management Committee

↑

Sectional Managers
Risks to be recorded on Sectional Risk Maps
Reports progress of Risk Action Plans to Staff Team Meeting

↑

Staff
Input in to the development, review, monitoring and mitigation of risks

Appendix 7   Risk Management Reporting Cycle

Risks	Management Committee	Finance, Audit & Performance Sub-Committee	Sectional Meetings
Review of the Corporate Risk Register /	Annually	N/A	N/A
Report from the F, A&P Sub-Committee re effectiveness of risk management process	Annually	Annually	N/A
Progress Against Corporate Risk Register / Risk Action Plan	N/A	Quarterly	Quarterly
Sectional (Operational) Risks (Categories Red / Amber)	N/A	N/A	Quarterly
Sectional (Operational) Risks (Categories Yellow)	N/A	N/A	Every 6 Months

Appendix 8 Glossary of Terms

Term	Definition
Assurance	An opinion based on evidence gained from the review of the Association's governance, risk management and control framework that risk assessments and control responses are appropriate, adequate and achieving the effects for which it has been designed
Cause	The reason for risk exposure – why would a risk occur
Effect	The impact of the risk exposure – what would be the impact if the risk materialised
Exposure	The consequences that arise from the realisation of risk
Inherent Risk Score	The classification the Association gives to a risk, based on it probability and potential impact and before the application of a risk response and controls
Impact	The effect that a risk would have on the Association if it occurred
Probability	The likelihood of a risk occurring
Risk Owner	The person responsible for ensuring the risk is properly managed and monitored
Residual Risk Score	The classification given to a risk after taking into account the quality of risk responses and controls
Risk	The threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives
Risk Appetite	The level of risk the Association is prepared to accept or tolerate before considering action necessary.
Risk Assessment	The process by which the Association identifies and assesses the risk associated with its activities with each level of the Association.
Risk Management	'Risk Management is the process which aims to help the Association understand, evaluate and take action on all risk with a view to increasing the probability of our success and reducing the likelihood of failure
Risk Register	A document for capturing important information about each risk identified by the Association