



# REIDVALE HOUSING ASSOCIATION

## Risk Management Policy

Approved	March 2023
Due for Review	March 2026
Author	Interim Director

## POLICY SUMMARY

<b>Purpose:</b>	To set out the framework within which Reidvale Housing Association will assess and manage risk.
<b>Legislation / Guidance:</b>	The Association is a company under the Co-operative and Community Benefit Societies Act 2014, and a company regulated by the Financial Conduct Authority (FCA).  Scottish Housing Regulator Regulatory Standards of Governance and Financial Management 2019
<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>● <b>Standard 1</b> The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</li> <li>● <b>Standard 2</b> The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.</li> <li>● <b>Standard 3</b> - The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</li> <li>● <b>Standard 4</b> - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</li> <li>● <b>Standard 6</b> - The governing body and senior officers have the skills and knowledge they need to be effective.</li> </ul>
<b>Linked Policies</b>	All policies Rules Financial Regs and Standing Orders Internal Audit Plan Business Plan Business Continuity Plan
<b>Financial Impact</b>	Low
<b>Risk Assessment</b>	Medium – Risk Assessment Policy requires to be in place and register monitored
<b>Date Reviewed:</b>	Feb 2023
<b>Date approved by Management Committee:</b>	29 <sup>th</sup> March 2023

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## 1. INTRODUCTION

- 1.1 Effective and efficient businesses know how to identify, assess and manage risk. Management of risk is a crucial element of good management and effective corporate governance. It must be an embedded mainstream activity which informs strategic decision making.
- 1.2 The Association's aim is to identify, manage and minimise, risks which may prevent the Association achieving its objectives. The identification and management of risk is a continuous process as changes are made to how the Association operates and to the external environment in which it operates.
- 1.3 This Risk Management Policy outlines how the Association manages risk and takes account of the principles outlined by the Scottish Housing Regulator in its Regulatory Standards Guidance.

### SCOPE OF THE POLICY

- 1.4 This policy sets out:
- A definition of risk management
  - The process Reidvale Housing Association will use in its management of risk
  - The respective roles of the Management Committee, the Director and staff
  - The context of risk management as part of Reidvale's internal controls
  - A glossary of key terms used in risk management

### DEFINITIONS

- 1.5 Risk itself can be defined as:
- "The threat or possibility that an action or event will adversely affect an organisation's ability to meet its objectives."*
- 1.6 The Scottish Housing Regulator defines risk management as:
- "The process of defining and analysing risk, and then deciding on the appropriate course of action in order to minimise and mitigate these risks."*

## 2. AIMS AND OBJECTIVES

2.1 The objectives of this Policy are:

- To manage risk in accordance with best practice.
- To embrace SHR's Regulatory Standards and Guidance and legal compliance as minimum standards in the management of risk.
- To anticipate and respond to changing social, economic, legislative, political, technological and environmental requirements.
- To minimise the cost of risk and to prevent injury or damage, including reputational damage.
- To integrate risk management into the culture of the Association.
- To contribute to continuing high standards of customer service by better equipping the Association with a fuller appreciation and understanding of risk and how to manage it.
- To provide a framework which enables the Association to identify, assess and manage risk and to record and review this.

2.2 Outcomes for this Policy approach will include the following:

- Better informed decision making.
- proactive approach, anticipating and influencing events before they happen.
- Improved contingency planning.
- Embedding risk management in the Association as a whole, including Committee decision making.

## 3. LEGAL AND REGULATORY FRAMEWORK

3.1 This Policy is informed by the Scottish Housing Regulator's (SHR) Regulatory Standards and Guidance; specifically, by Business Planning – Recommended Practice, December 2015 and by Regulatory Standard 4, which states that:

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

3.2 Within its Regulatory Standards of Governance and Financial Management of 2019, the SHR states:

*“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.”*

3.3 The Association is committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that exposure to significant risk is properly managed.

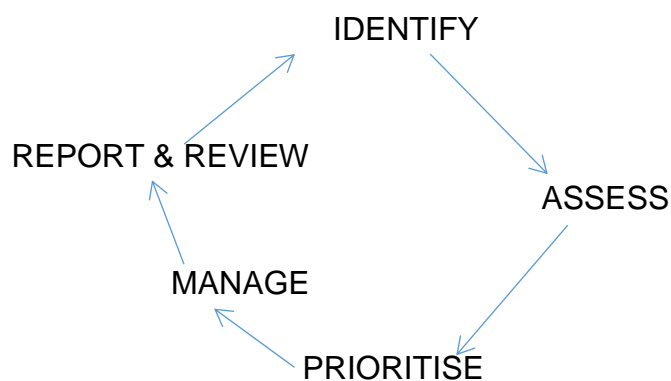
## 4. RISK MANAGEMENT POLICY

4.1 Integral to Reidvale’s approach to risk management are the following key principles:

- The Management committee has responsibility for overseeing risk management within Reidvale overall.
- An open and receptive approach to solving risk problems is adopted by the Management Committee.
- The Director and staff then support, advise on and implement policies approved by the Management Committee.
- Risk Management is part of Reidvale’s system of internal controls.
- All staff are responsible for encouraging effective risk management practice.
- Reidvale recognises and discloses the financial and non-financial implications of risk as part of its overall risk assessment.

### PROCESS OF RISK MANAGEMENT

4.2 The Association’s approach to risk management is based on the following stages – Identify, Assess, Prioritise, Manage and Report and Review.



#### STAGE 1 – Identify Risks

4.3 Identify key risks that could hamper the achievement of Business Objectives and hinder or prevent Key Performance Targets from being achieved. Risks are identified and assessed from a strategy and an operational perspective.

## **STAGE 2 – Assessment**

- 4.4 Risks identified in Stage 1 are prioritised using the approach shown in Appendix 1. Each identified risk is given a two part score based on the “likelihood” of the risk occurring and the “impact” of that risk on our business, which when multiplied together results in an overall risk score. The identified risks are then written up onto a Risk Register.

## **STAGE 3 – Prioritisation**

- 4.5 Using the method, as described above, risks can be prioritised. From the risk score the Association has clarity on the potential impact of the key risks, their management and the implications for the Association in terms of risk exposure and direction of resources.

## **STAGE 4 – Manage**

- 4.6 How the Association responds to and manages risk depends on the nature of the risk, the outcome of the assessment and to some extent on the Association and the Management Committee’s appetite for risk, which may change over time. Risk appetite is the term used to refer to the amount of risk which the Association, through its Management Committee, is prepared to accept, tolerate or be exposed to at any point in time.

- 4.7 There are four approaches to managing and addressing risk –

- **Tolerate (accept)**                      the controls in place reduce the likelihood and impact levels to an acceptable level.
- **Treat**                                      risks need additional treatments (controls) to reduce the likelihood and impact levels to an acceptable level.
- **Transfer**                                  risks are transferred to an insurer e.g. buildings insurance. Some service delivery risks can also be transferred to a partner or contractor by way of a formal contract or written agreement.
- **Terminate**                                risk may be outside the Association’s risk appetite and the Association does not have the ability to introduce additional controls to reduce likelihood and/or impact of the risk, therefore, there is no alternative but to terminate the activity generating the risk.

4.8 The majority of risks will be addressed by Treat. This means that the Association will, as far as is practical, take action/control to alleviate the risk.

#### **STAGE 5 – Report and Review**

4.9 The management of risk is reported and reviewed to:

- Monitor whether the risk profile is changing
- Gain assurance that risk management is effective
- Identify when further action is necessary

4.10 Staff will be involved in the regular review of the Association's operational risks.

### **ROLES AND RESPONSIBILITIES**

#### **Management Committee**

4.11 The Management Committee has a crucial role to play in the management of risk as it sets the tone and influences the culture of risk management within Reidvale.

4.12 The Association's Code of Conduct for Committee Members requires members to ensure that effective policies and procedures are implemented so that all decisions are based on an adequate assessment of risk, deliver value for money and ensure the financial wellbeing of the organisation.

4.13 In overseeing the implementation of this Risk Management Policy, the Management Committee:

- Monitors the Risk Register on a quarterly basis, with a comprehensive review on an annual basis.
- Determines what level of risk is acceptable and what is not.
- Determines the extent to which the Association is risk averse or risk taking and on what specific areas and activities.
- Sets the standards expected and required of staff in terms of conduct and probity.
- Approves major decisions affecting the Association's risk exposure and profile.
- Monitors the management of significant risks.
- Satisfies itself, in a range of ways, including the use of internal audit reports; Key Performance Indicators; and complaints that less significant risks are being appropriately managed
- Annually reviews the implementation of this policy.



### **Finance Audit and Risk Sub-Committee**

4.14 In addition to the Management Committee's quarterly review of the Risk Register the Finance Audit and Risk Sub-Committee will:

- Oversee the preparation and implementation of the annual external audit plan.
- Plan and oversee the annual programme of internal audit.

### **Director**

4.15 The Director, in conjunction with the senior staff team, has responsibility for ensuring:

- The systematic review of risk management throughout the Association's activities in line with this Policy.
- The quarterly review and regular updating of the Risk Register and presenting this to the Management Committee on a quarterly basis.
- The preparation of any contingency plans identified as part of the Risk Management Policy.
- Appropriate training on risk management is provided to Committee Members and to all staff, with such training being refreshed as required.

### **All Staff**

4.16 All staff have a responsibility for:

- Responding positively to training on risk management.
- Being aware of the Association's approach to risk management and the top risks facing the Association
- Ensuring that risk is managed effectively in their area and for identifying risks in performing their daily duties and taking appropriate action to limit the likelihood and impact of these risks.

## **RISK MANAGEMENT AND INTERNAL CONTROLS**

4.17 Risk Management is a fundamental aspect of Reidvale's system of internal controls. Taken alongside a range of other controls, as shown below, risk management is part of the toolkit of an efficient and effective business enabling Reidvale Housing Association to respond to and manage a range of operational, financial and commercial risks.

4.18 Other elements of internal control include:

- Policies and Procedures, including for example Health and Safety, Complaints Handling, etc.
- Finance Audit and Risk Sub-Committee which oversees the internal and external audit functions and receives regular reports including quarterly management accounts
- Management Committee which scrutinises Reidvale's customer service performance quarterly
- Business Planning and Budgeting
- Internal Audit programme is a key aspect of internal controls, reporting direct to the Committee on selected areas
- External Audit reports direct to the Committee on its findings on the effectiveness of Reidvale's financial controls
- Other Regulatory Bodies such as the Health and Safety Executive.

## **5. STAFF TRAINING**

5.1 Reidvale Housing Association will ensure that relevant staff and Management Committee receive appropriate training.

## **6. EQUALITIES AND DIVERSITY**

6.1 Reidvale Housing Association is an equal opportunities organisation. We are committed to providing an environment of respect, understanding, encouraging diversity and eliminating discrimination. No person or group of persons applying for housing and housing services will be treated less favourably than any other persons or groups of persons because of their age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

## **7. COMPLAINTS**

7.1 Although we are committed to providing high levels of service, we accept that there may be occasions where a service user may not be satisfied with the service received from the Association. We value all complaints and use this information to help us improve our service. Any service user, complying with the procedure, but remaining dissatisfied with any aspect of the service they have received have the right to submit a complaint to the Association in accordance with the Complaints Handling Procedure.

## **8. GDPR**

- 8.1 Reidvale Housing Association will treat your personal data in line with our obligations under the current General Data Protection Regulation and our Privacy Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notice.

## **9. POLICY REVISION**

- 9.1 The Association undertakes to carry out a comprehensive review of all aspects of this policy at least every three years. The review will take account of legislative changes, new policy guidance, best practice advice and the views of service users.

## APPENDIX 1

### RISK SCORING

To evaluate risks all risks are scored in terms of their likelihood and potential impact using the following scales:

#### Likelihood (or Probability) Scoring

- 1 - Extremely remote chance that risk will occur
- 2 - Minor chance that risk will occur
- 3 - Moderate chance that risk will occur
- 4 - Risk is likely to occur
- 5 - Risk is almost certain to occur or already occurring

#### Impact (or Significance) Scoring

- 1 - Insignificant impact
- 2 - Minor impact
- 3 - Moderate impact
- 4 - Major impact
- 5 - Catastrophe impact

The score for the likelihood and the impact are then multiplied together to give an overall risk assessment.