



REIDVALE HOUSING ASSOCIATION

Risk Management Policy

Approved	December 2024
Due for Review	December 2027
Author	Interim Director

POLICY SUMMARY

Purpose:	To set out the framework within which Reidvale Housing Association (RHA) will assess and manage risk.
Legislation	The Association is a company under the Co-operative and Community Benefit Societies Act 2014, and a company regulated by the Financial Conduct Authority.
Regulatory Compliance	<p>The Association must comply with the Regulatory Requirements set out in the Scottish Housing Regulator's Regulatory Framework (February 2024), including the Standards of Governance and Financial Management for RSLs.</p> <p>All Standards require the underpinning of an effective risk management process, but Standard 4 is particularly relevant:</p> <ul style="list-style-type: none"> • Standard 4 - <i>The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</i>
Linked Policies	<p>All policies</p> <p>Rules</p> <p>Financial Regulations and Standing Orders</p> <p>Internal Audit Plan</p> <p>Business Plan</p> <p>Business Continuity Plan</p>
Equal Opportunities	Reidvale Housing Association is an equal opportunities organisation, committed to providing an environment of respect, understanding, encouraging diversity and eliminating discrimination.
Financial Impact	Low
Risk Assessment	Medium – Risk Assessment Policy requires to be in place and register monitored
Review	The previous version of this policy was approved in March 2023. This review has been carried out sooner than the normal three year period, to reflect changes to good practice advice. It will be reviewed again in 3 years' time, or sooner if required.
Date approved by Management Committee:	Deember 2024

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INTRODUCTION AND OBJECTIVES

This risk management policy (the policy) forms part of RHA's internal control and corporate governance arrangements, covering all aspects of our risk management approach.

The policy explains the underlying approach to risk management, documents the roles and responsibilities of the organisation and of the Management Team. The document also outlines key aspects of the risk management process and identifies the main reporting procedures.

In addition, it describes the process used by the organisation to evaluate the effectiveness of the internal control procedures.



For RHA to be successful it is important that risk has a suitably high profile, and everyone recognises the part they play in helping to manage risk. Risk should not be seen as an 'add on' to your role or something that someone else does. Risk is all around us and part of our day-to-day life and therefore it is important that each one of us can recognise a risk and has the ability to raise concerns appropriately.

Risk Management is beneficial to RHA as it:

- helps us to be more flexible and responsive to new internal / external demands.
- provides assurance to the Management Team, Sub-Committees and Management Committee.
- reduces incidents and other control failures; and
- helps in the achievement of our key strategic objectives.

Managing risks reduces the chance of us having to deal with the unexpected and ensures proactive management rather than reactive crisis management.

This document highlights the framework for managing risk and sets out the process through which risks will be identified, assessed, controlled, monitored and reviewed.

POLICY

Risk Statement

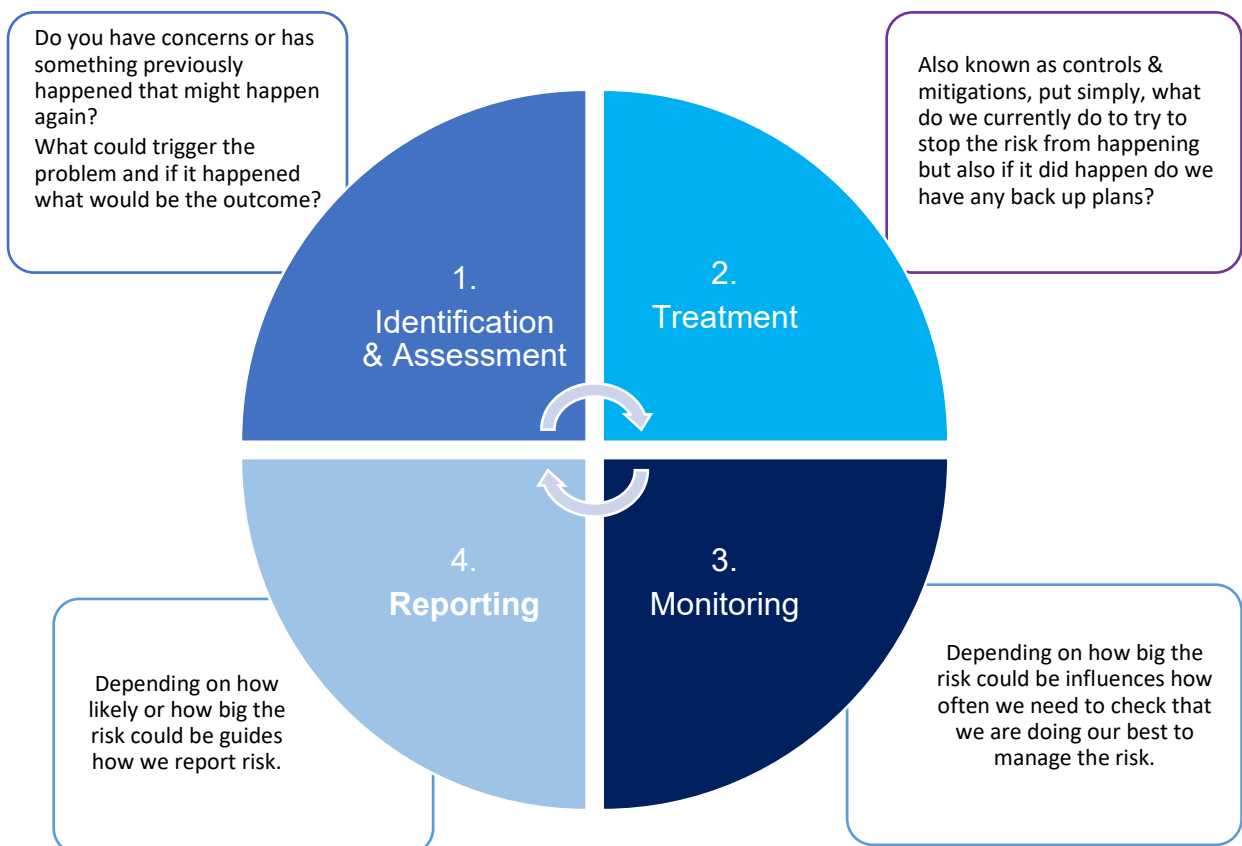
Risk Management is an integral part of our quality, governance and performance management processes and seeks to increase the probability of success and reduce the likelihood of failure.

In our context, “risk” will refer to an uncertain event or set of events which, should it occur, will influence the achievement of our objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives.

We seek to encourage a culture in which risk assessment and management of risks are an integral part of decision-making, and where necessary, resources are proportionately directed to manage risks to the safety of customers, staff and visitors, the quality of learning and assets of the organisation.

To do this we have set out the following policy to ensure all staff will be able to:

- Identify and assess risk.
- Identify and implement suitable risk treatment (controls) to help reduce the likelihood of risks happening or the impact they cause.
- Monitor how well the risk is being managed and any improvements needed.
- Report risk appropriately.



Approach- What does this mean to me?

If you are a staff member, an existing risk owner, have inherited risks from changing roles or think there is something that should be on the risk register then you must familiarise yourself with this policy and the organisations approach. The policy has “what does this mean to me” boxes like this throughout to summarise what you need to know and do.

How we identify a risk

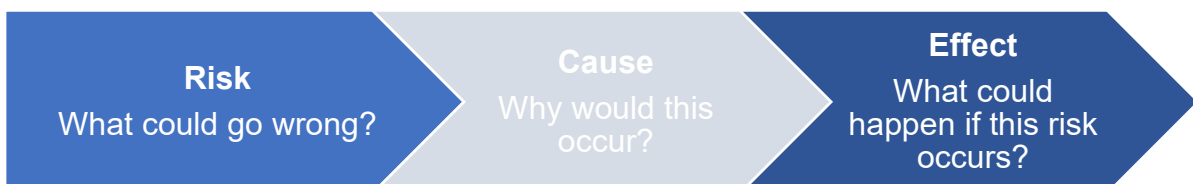
There are two ways in which we can identify risk. Either by looking ahead and thinking what might happen (proactively), or by learning from experience of others (reactively).

The diagram below gives some examples of how we might identify a risk, for example proactively would be before the risk has happened, reactively would be post event or after we have recovered from the impact.



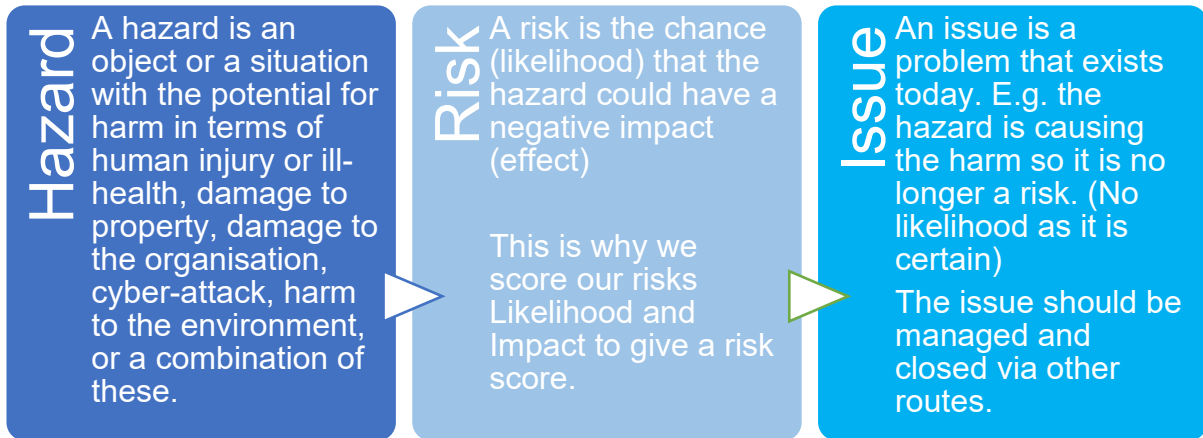
How we assess a risk

Once we have identified a risk, we must assess how significant it is and how likely we think it is to happen. To do this we must consider why the risk would happen as this is what influences the likelihood. Then we must consider the effect the risk would have which will tell us how big the potential impact could be.



Risk Assessment generally begins with understanding the objective (what the organisation is trying to maintain or achieve) and then an identification of hazards that may prohibit or delay achieving that objective. The cause and impact of these hazards coming into effect are what is being assessed.

The difference between hazard, risk and an issue are explained below.

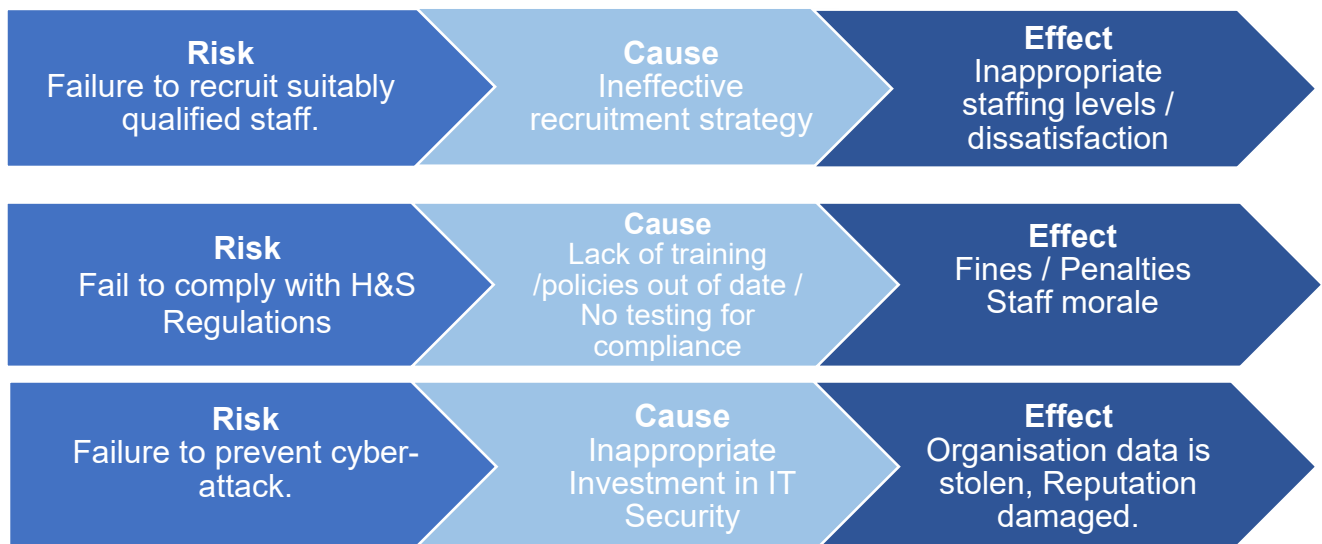


How we record a risk

Once we have identified a risk, owners must record it so that the organisation can continue to monitor and ensure we are managing the risk. A risk owner is the accountable person best placed to manage the risk, as risks escalate, they may change ownership to reflect seniority and responsibility.

RHA will create “Risk Registers” which are the central point for recording and monitoring the lifecycle of risk assessments. It is here that the owner (at times maybe delegated to risk lead) of each risk register must maintain risk records and manage improvement actions.

As explained earlier risks are to be described using cause and effect to support the risk description so that immediately the organisation can understand what could cause the risk and how RHA and others could be impacted if it was to happen. Simplified examples are.



How we evaluate / score a risk

The Organisation uses a 5 by 5 (non-multiplication) risk grading matrix which helps assess the likelihood and impact (see below) of each risk. Each risk must be given an **initial** (before controls) score based on there being nothing in place to help manage the risk. The risk owner must then rate the risk with its **current** (after controls) score i.e. where we believe it sits today based on what we are doing to prevent the risk from happening and also what we have in place to reduce the impact should the risk occur.

Finally, the risk must also be given a **target** score to demonstrate where we would like the risk to be once all controls are in place and actions are complete.

The Net (Residual / after controls) score effects how the risk will be reported through the organisation.

Almost certain	11 Medium	16 High	20 Very High	23 Very High	25 Very High
Likely	7 Low	12 Medium	17 High	21 Very High	24 Very High
Possible	4 Very Low	8 Low	13 Medium	18 High	22 Very High
Unlikley	2 Very Low	5 Very Low	9 Low	14 Medium	19 High
Rare	1 Very Low	3 Very Low	6 Low	10 Medium	15 High
↑ Likelihoods → Impacts	Negligible	Minor	Moderate	Significant	Major

The risk grading matrix above has a series of definitions that set out what each impact and likelihood category mean. The impact risk score is taken from the relevant impact description category and the likelihood score is determined similarly but based on how likely we believe the risk is to occur. Please see Appendix A for more information and definitions.

Scoring - What does this mean if I am a risk owner?

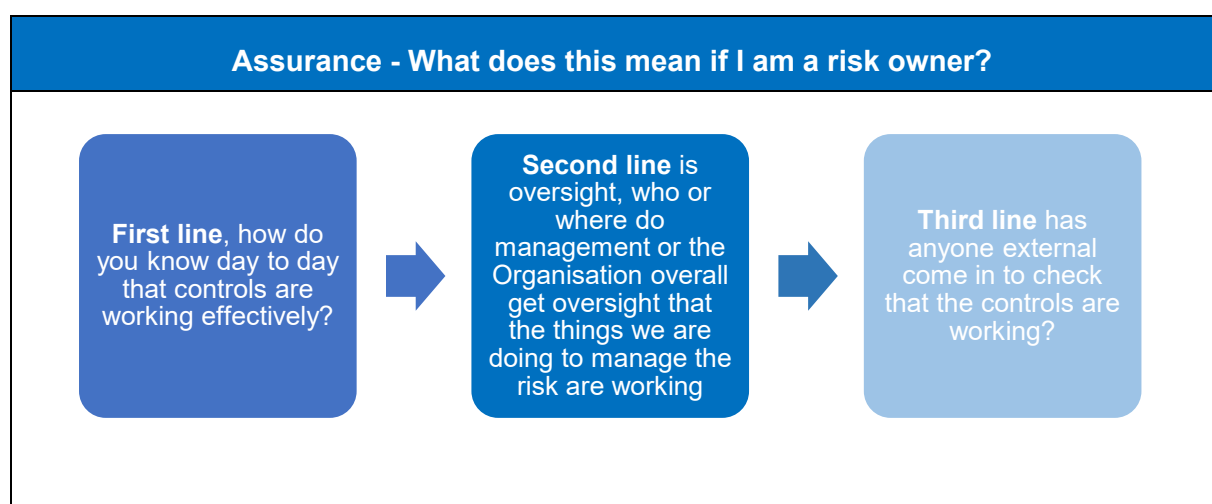
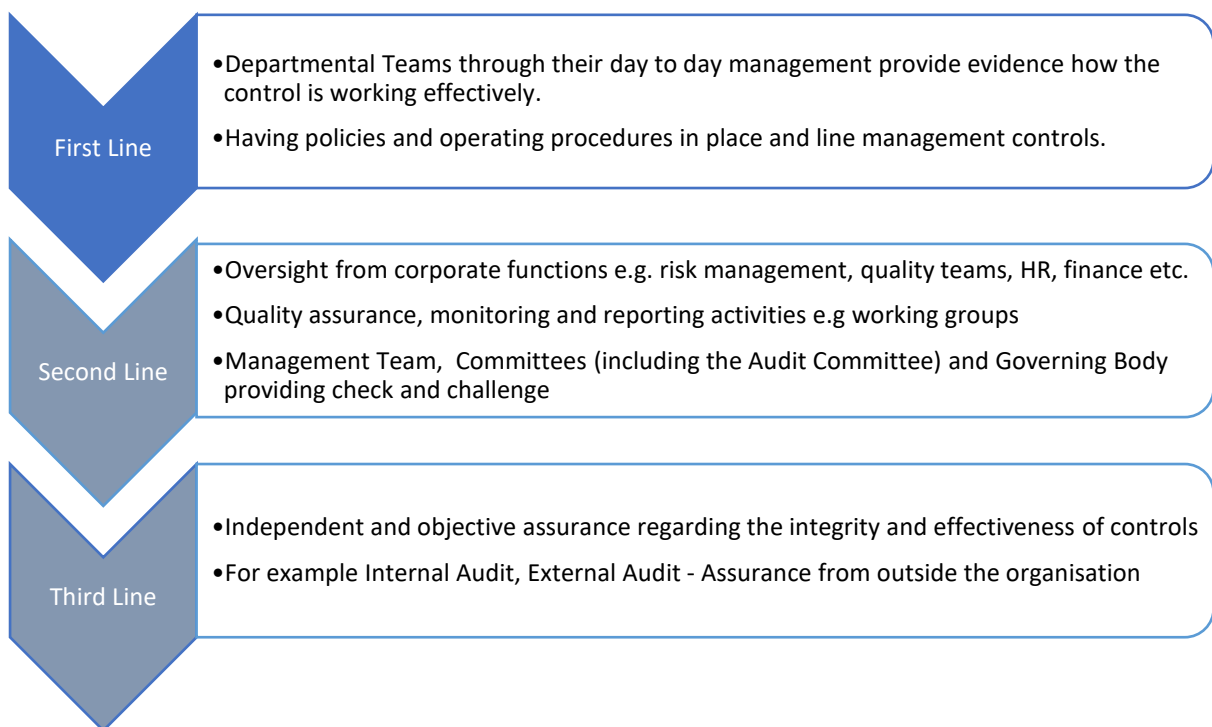
When populating the risk register you will be required to rate the risk three times.

- Firstly, the Initial score imagining there are no controls in place.
- Secondly, will be the Current score, which after everything we currently do is where the risk sits today.
- Lastly, the Target risk score comes from where you hope the risk to be once further actions are completed.

Controls and Assurance

Based on having the key controls in place to manage a risk to its current score and to ensure the effectiveness of these controls, The organisation records where and how it gets assurance that these controls are effective i.e. are we doing what we say we are and how do we know it works.

It is important that we seek to gain assurance where possible and practicable. Gaining assurance is often referred to as the 'three lines of assurance' model which is shown below. This ensures that the organisation is able to triangulate assurance across multiple aspects which taken together provides greater confidence over the management of each risk.



Risk Appetite

Risk appetite is a way of expressing our attitude to different types of risk and the nature of the risks we are prepared to take. Our appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

We have developed an approach to defining our risk appetite. The aim of the risk appetite is to allow the Management Committee to reach an informed conclusion as to whether the risk can be accepted and to what extent.

Risk appetite can be defined by the following five categories:

Hungry (H)	<ul style="list-style-type: none"> Eager to be innovative and take on a very high level of risk but only in the right circumstances
Open (O)	<ul style="list-style-type: none"> Willing to consider all potential options, subject to continued application and / or establishment of controls: recognising that there could be a high-risk exposure
Cautious (C)	<ul style="list-style-type: none"> Preference for safe, though accept there will be some risk exposure: medium likelihood of occurrence of the risk after application of controls
Minimal (M)	<ul style="list-style-type: none"> Safe leading to only minimum risk exposure as far as practicably possible: a negligible / low likelihood of occurrence of the risk after application of controls.
Averse (A)	<ul style="list-style-type: none"> Avoidance of the risk is the objective. Every reasonable action taken to reduce risk as far as practicably possible

The Management Committee will regularly consider risk appetite when developing strategy and service development.

To enable translation of the risk appetite into our risk scoring methodology, the tolerance for each risk appetite level has been plotted on the grid below i.e. at what point a risk is acceptable (within tolerance) and when it is not (outside tolerance) after controls are applied.

Risk Appetite Level	Risk Appetite Threshold
Averse	Score 5 and below
Minimal	Score 8 and below
Cautious	Score 13 and below
Open	Score 17 and below
Hungry	Score 21 and below

Risk appetite themes.

All risks should be considered in the context of the RHA risk appetite. To assist this further the Committee have identified a number of risk themes against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, RHA will be more easily able to determine how to respond and so make best use of mitigation resources.

The following risk themes and corresponding appetite statement below were determined by the Committee after considering key negative and positive events that might affect the achievement of our strategic goals.

Risk Theme and Corresponding Appetite	Appetite Level
<p>Business Continuity Management</p> <p>RHA must ensure we have the ability to respond to known risks and events. To do this appropriately and effectively the only suitable risk appetite position should be minimal</p>	Minimal
<p>Capability and Capacity</p> <p>RHA is eager to innovate, build on and create an environment that provides opportunities to grow our workforce, stimulate new approaches including develop strategies that attract, excite and retain colleagues while boosting our operational capability and capacity. However we must always be cautious that this does not over burden our colleagues, negatively impact our culture, colleagues' recruitment, retention and wellbeing</p>	Cautious
<p>Collaboration</p> <p>In order that we can make a positive impact and enhance the lives of those living in our communities, RHA must be able to identify and maximise the right opportunities for collaboration and so shall be open in our appetite to risk</p>	Open
<p>Digital</p> <p>To ensure RHA can take advantage of new technology will necessitate a commitment to innovation, modernisation and ongoing investment in both digital hardware and software. While we may be willing to consider all potential options regarding new digital approaches, we shall have an overall Cautious approach to digital risk knowing that new systems or technology could impact or influence customer experience, aspects of resilience and or data security.</p>	Cautious
<p>Engagement</p> <p>As a trusted landlord that values its customers and colleagues, RHA must be able to respond to the changing needs in our communities and continue to build positive engagement. To achieve this, we will have an open appetite in relation to engagement risks to ensure we can effectively influence key stakeholders, deliver a customer focussed culture and continue to meet and exceed expectations.</p>	Open
<p>Financial</p> <p>Financial stability is making sure RHA has reliable, accurate, accountable and transparent financial management and forecasting whilst maximising opportunities to improve our financial position. Our priority will always be value for money with our appetite for financial risk being cautious however we accept that to be financially sustainable will involve at times being innovative and taking advantage of the right opportunities and the right time</p>	Cautious

Governance

Minimal

To ensure effective and proportionate governance, RHA will have a minimal appetite toward risks that may directly impact or threaten the integrity of our internal control arrangements. We understand that any governance risk could affect compliance, the quality of experiences, outcomes, professional standards, resources and therefore negatively impact our stakeholders

Growth

Open

To deliver our mission we must be willing to consider all sustainable options regarding growth. We acknowledge that risk exposure may exist in these decisions to develop and grow, so shall be open but considerate of those risks that could have quality, reputational and financial implications for stakeholders and/or ourselves

Safety and Security

Minimal

RHA must ensure we can effectively support, protect, and improve the health, safety, and security of both customers and colleagues. While we are naturally risk averse, in practice to be risk averse could result in the termination of some activities and/or lead to a significant increase of costs to unmanageable levels. To balance the operating risk environment in a practicable manner, RHA shall be Minimal in our risk appetite and in doing so will always aim for the lowest manageable risk level.

Strategy and Transformation

Cautious

The right strategies are vital for future success which means we need to explore all approaches while ensuring a sustainable foundation. RHA has therefore determined that it shall have a Cautious approach to risks that impact significant aspects of design, modernisation, and delivery of strategies.

Quality of Housing

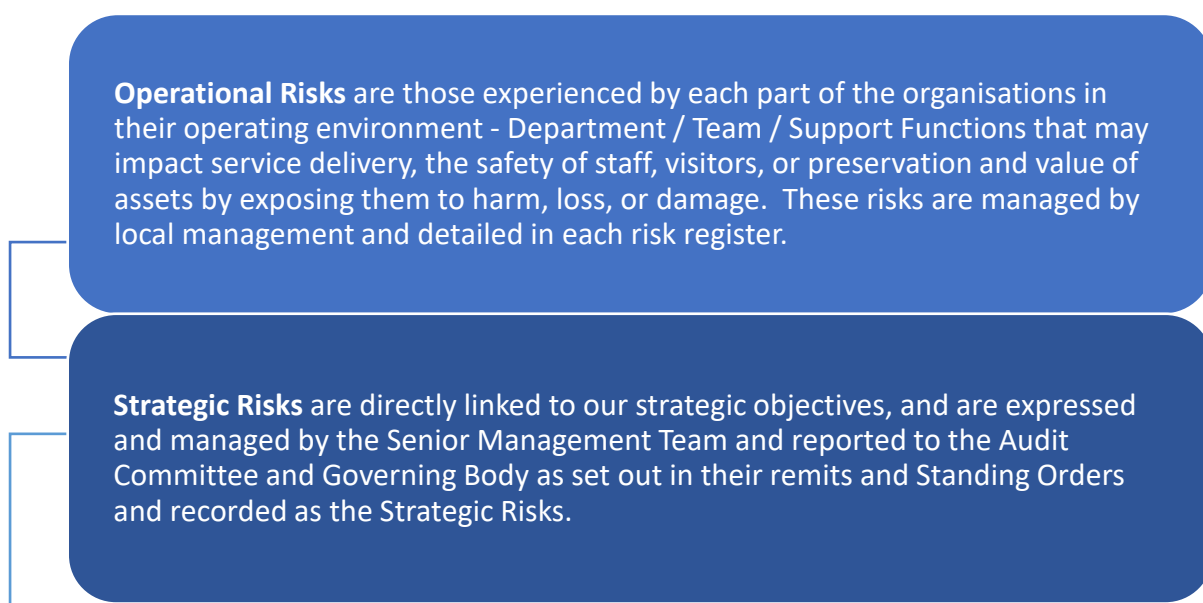
Minimal

We must ensure we maintain our housing stock to an appropriate standard in order to provide safe, efficient and good quality affordable homes in line with our priorities. We shall be willing to always explore all options to innovate, evolve and look at new ways of delivering, however we must ensure quality is fundamental; to do this successfully we shall have a minimal appetite to risks that impact housing quality.

Reporting

A cycle of reporting by risk appetite will be introduced so that the organisation can understand its risk exposure in connection with the risk appetite themes and ensure an effective response.

Risks depending on how they could affect RHA are managed through different levels of the organisation. To do this, risks are separated into two categories: Operational and Strategic as explained below.



Strategic Risk provides a level of confidence that the organisation can achieve its objectives.

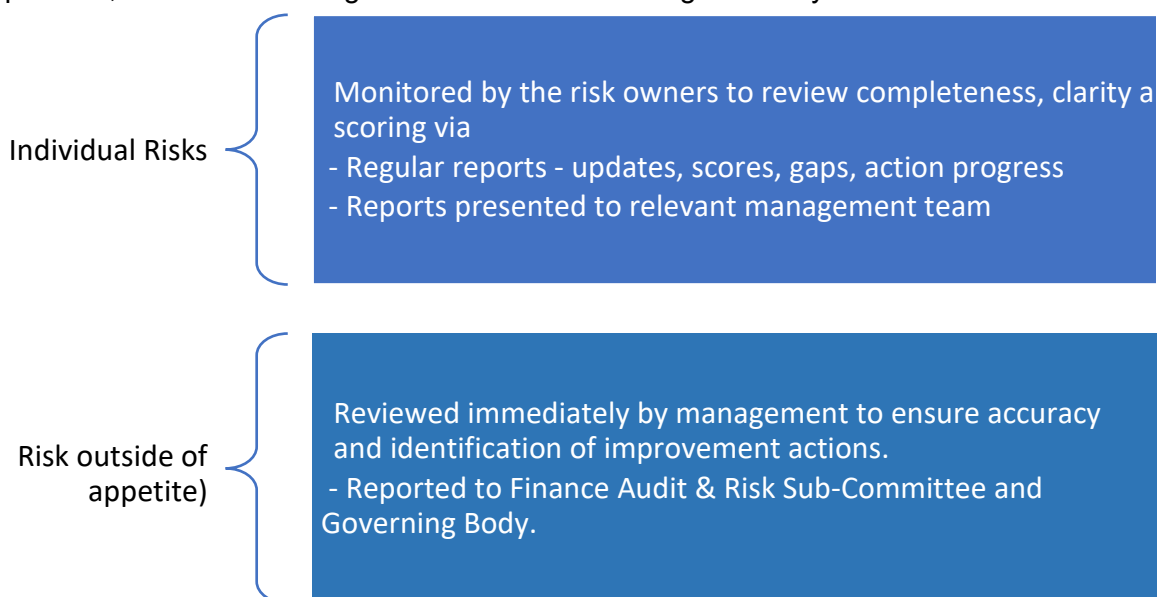
Monitoring and review

The Finance Audit and Risk Sub-Committee will regularly review the overall risk management framework (The Strategic Risk Management Plan) to ensure that it continues to meet the needs of the organisation and is further refined and continually improved over time.

Risk Registers will be monitored on the standard of information, how often they are reviewed, what specific risks monitoring is occurring and where. The diagram below provides a quick overview of this.

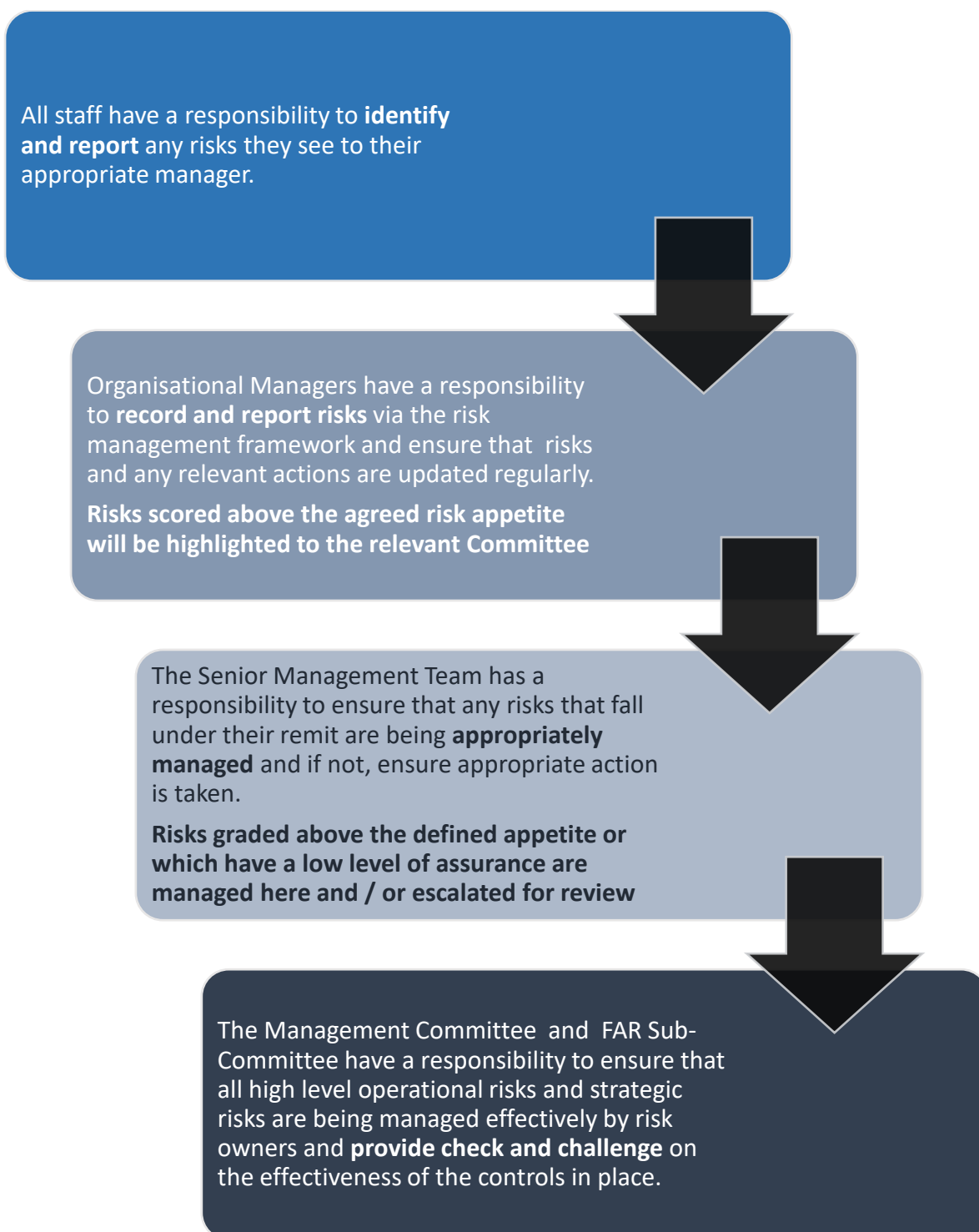


To support this, routine monitoring will be undertaken throughout the year for.



Roles and Responsibilities

Responsibilities change as risks move up through the organisation. With each new level comes a different level of management responsibility as explained below.



Glossary

Term	Description
Assurance	An opinion based on evidence gained from the review of the 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 the risk exposure – why would a risk occur?
Current Risk Score	The grade given to a risk, AFTER taking into account the risk controls.
Effect	The impact for the risk exposure – what would be the consequence if the risk materialised?
Exposure	The consequences that arise from the realisation of a risk.
Initial risk score	The classification we give to a risk, based on its likelihood and potential impact and BEFORE the application of the risk controls.
Consequence	The effect that a risk would have if it occurred.
Likelihood	The probability of a risk occurring.
Risk Owner	The person responsible for ensuring the risk is properly managed and monitored.
Risk	The threat or possibility that an action or event will adversely or beneficially affect our ability to achieve its objectives.
Risk appetite	The level of risk the Organisation is prepared to accept or tolerate before considering action necessary.
Risk assessment	The process by which the Organisation identifies and assesses the risks associated with its activities.
Risk Control	An action or process that the Organisation currently has in place to either reduce a risk to an acceptable level or increase the probability of a desirable outcome.
Risk management	“Risk Management is the process which aims to help the Organisation understand, evaluate and take action on all our risks with a view to increasing the probability of our success and reducing the likelihood of failure”.
Risk Register	A document for capturing, monitoring and communicating valuable information about each risk the Organisation identifies.

Appendix A Risk Matrix

Risk Impact Matrix

Impact Category / Level	NEGLIGIBLE	MINOR	MODERATE	SIGNIFICANT	MAJOR
Business Continuity	No impact to operations	Marginally impaired business as usual (BAU) activity	BAU activities delayed / stopped. Operations continue / customers not impacted	Stop to operations / services / difficulty supporting customers/stakeholders	Complete Failure of operations/ services / inability to function. Customers left abandoned
Capability & Capacity	No noticeable impact on staff or teams	Minor impact upon ability to deliver within teams/ wellbeing. Small number of vacancies	Teams unable to deliver normal service, additional workloads. Culture and/or wellbeing affected. Large number of vacancies	Cross business vacancies. Services/quality impaired, Teams carry significant gaps in skills and staff workloads impact wellbeing	Total breakdown in ability to deliver BAU activities. Wellbeing and culture collapse. Teams withdraw labour
Collaboration & Partnership	No impact on partners	Minor awareness / impact to others	Partners are impacted / all will need to be aware of issue. Opportunity not lost but threatened	Partners business / delivery ability impacted/ significant costs / withdrawal of business / opportunity lost	Number of partners withdraw business activities / loss of all opportunities
Digital	Systems fully functional	Minor system outage	Loss of key system but BAU activities continue. Data released non identifiable / private	BAU activities impacted. Data integrity threatened /one person's data released	Complete loss of systems and ability to operate. Data loss / release of private / sensitive information
Engagement & Expectations	No impact on communities, customers and stakeholders	Minor impact on communities, customers and stakeholders	Communities, customers and stakeholders negatively impacted	The daily lives of communities, customers and stakeholders impacted	Completed failure to engage effectively with communities, customers and stakeholders
Financial Sustainability	Little financial cost or loss	10% of budget / expected cost increase / loss	25% of budget / expected cost increase / loss	Up to 50% of budget / expected cost increase / loss	Greater than 50% of relevant budget / expected cost increase / loss

Governance, Compliance and Professionalism	Full compliance	Full compliance however minor non legal issues may exist	Compliance/governance failure security or safety related. Behaviours require addressing	Noncompliance Governance breakdown potential legal exposure. Behaviours unacceptable	Complete failure of process/ standards/ reporting. Behaviours illegal
Growth	No impact on growth targets	Targets 5% difference	Up to 20% growth targets missed	Up to 45% of growth targets missed	Greater than 45% of targets missed
Safety & Security	No risk of injury or security issue	Potential for minor injury treatable with first aid. RIDDOR reportable Security implication/ threat limited	Injury, possibly serious requiring Hospitalisation & HSE notification. Security Threat	Serious injury possibly leading to loss of life. HSE investigation Security of staff or others threatened	Safeguarding incident. One or a number of fatalities. HSE Prosecution and possible stop notice. Security of staff & others' lives threatened
Strategy & Transformation	No impact	KPI / Business targets up to 5% difference	Up to 20% business KPI / targets missed	Up to 45% of business targets missed	Greater than 45% of business targets missed
Quality of Housing	No impact to quality	Minor issues with properties easily repairable	Issues with number of properties which cannot be resolved quickly. Property is safe	Significant issues with one or more properties / property uninhabitable /unsafe	Greater than 5% property uninhabitable / unsafe

Risk Likelihood Matrix

Impact Category / Level	Rare	Unlikely	Possible	Likely	Almost Certain
Definition	This will probably never happen / recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen /recur but it is not a persisting issue	Will undoubtedly happen /recur, possibly frequently
Example loss ratio	5 years or less frequently	Once every 2 years	Once every year	Once every 6 months	Monthly

