1.0 Introduction

We will promote the integration of risk management in the governance and management of our business. Risk Management flows through our business at both strategic and operational levels. Effective risk management is important to reduce the likelihood of risks occurring and minimise impact such as financial loss and reputational damage to the organisation.

The purpose of our risk management strategy is to ensure that we achieve our stated business and strategic planning aims and objectives whilst reviewing the challenges and risks which may be encountered.

2.0 The Law and Good Practice

Yoker Housing Association Limited ("the Association") is a registered social landlord (RSL) registered with the Scottish Housing Regulator (SHR) as a co-operative and community benefit society, registered with the Financial Conduct Authority (FCA) and a charity registered with the Office of the Scottish Charity Regulator (OSCR). The Association's Constitution is its Rules.

Legislation relevant to this strategy therefore includes:

- Housing (Scotland) Act 2010
- Bribery Act 2010;
- Charities and Trustee Investment (Scotland) Act 2005;
- Co-operative and Communities Benefit Societies Act 2014;
- Equality Act 2010.

The "Regulatory Standards of Governance and Financial Management" published by The Scottish Housing Regulator state that:

<u>Regulatory Standard 3</u>
The RSL manages its resources to ensure its financial well-being and economic effectiveness

<u>Regulatory Standard 4</u>
The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose

3.0 Objectives

"Risks" are defined as, "uncertain future events that might prevent an organisation from achieving its business objectives".

"Risk Management" is however defined as: "the culture, processes and structures that are implemented by an organisation to manage potential risks and their adverse effects".

Our risk management goals are; to take a proactive approach to anticipate events before they happen to allow us to make better decisions and improve contingency planning.

We aim to achieve maximum benefit without increasing the bureaucratic burden and ultimately affecting service delivery to our tenants and other customers.

We commit to using the principles of good or best practice in risk management to further develop our systems and processes of risk management.

Risk management is an integral part of our strategic planning and decision-making processes. For new initiatives and projects risk management is used to inform our decision-making process and to ensure that approved projects are delivered successfully.

Risks that could affect our medium to long-term goals are considered strategic risks. Risks that will be encountered in the day-to-day delivery of services are considered operational risks.

We consider the materiality of risk in developing systems and processes to manage risk through the statement of our appetite or threshold for risk.

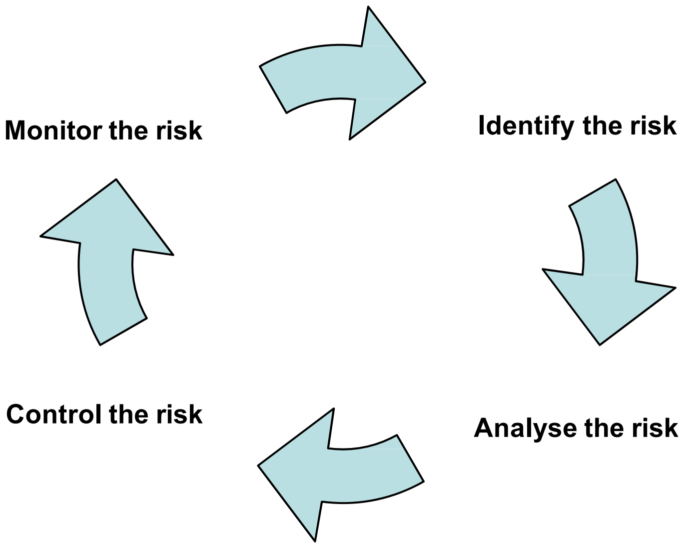
We commit to identification of both the inherent and residual risk.

4.0 Implementing Our Strategy

Risk is defined as an event that can have a negative impact. Conversely, an event that can have a positive impact is an opportunity. Risks and opportunities are inevitably intertwined.

We have developed a framework of risk management to enable identification of those risks that may hinder the achievement of our strategic and operational objectives.

We ensure that when planning to assess or review risk we identify, analyse, control and monitor the strategic and operational risks we face and have developed our risk management strategy based on good practice in the social housing sector and other industries.



We recognise that our management committee is responsible for the overarching framework of risk management. However, the implementation of the risk management strategy is the responsibility of all staff as well as the management committee.

Some risks are within our control whilst we may have limited or no control over other risks. We have taken an approach that will identify those risks and classify the risks according to the following areas:

Risk Areas		
Accommodation provision	Financial viability	Resource management
Adaptations	Gas safety	Risk and value for money
Allocations	Governing body	Risk management
Anti-social behaviour	Health & safety	Strategic
Arrears	Information to service users	Strategic and operational planning
Budget setting	Lifetime maintenance	Strategic risks
Complaints	Partnership working	Sustainability
Development strategy	Physical quality	Tenant participation
Equality and diversity	Policies and procedures	Void management
Factoring	Procurement	Wider role
Financial management	Repair service	

4.0 Implementing Our Strategy (Continued)

Each risk will be assessed as to its "likelihood" and "impact". Likelihood and impact are assessed on a scale of one to five as follows.

Likelihood	Impact
1 Rare	1 Insignificant
2 Unlikely	2 Minor
3 Possible	3 Moderate
4 Probable	4 Major
5 Almost Certain	5 Catastrophic

Existing arrangements to manage risk will be identified and then, depending on the likelihood and impact, several responses may be employed:

<u>Modify</u>
Take action or employ strategies to reduce the risk;

<u>Accept</u>
Decide to accept and monitor the risk at the present time (this may be necessary for some risks that arise from external events);

<u>Transfer</u>
Decide to pass the risk on to another party (for example, contractual terms may be agreed to ensure that the risk is not borne by us or insurance may be appropriate for protection against financial loss);

<u>Eliminate</u>
The risk may be such that we could decide to cease the activity or to change it in such a way as to end the risk.

Our "risk appetite" is a term used to refer the amount of risk that we are prepared to accept, or tolerate, or be exposed to at any point in time.

5.0 Performance Management

We are developing a standard format for use in the identification of risks, their classification and evaluation. This format is based on a risk mapping exercise using a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and a PESTEL (Political, Economic, Socio-cultural, Technological, Environmental and Legal) analysis.

Our management committee carries out an annual strategic risk identification exercise using the SWOT and PESTEL analysis in July of each year as part of the business planning update process. This is used to identify and update the key risks facing the Association.

A departmental review of the risk register is now done on a quarterly basis and the results of this are fed into the Association's risk register for quarterly review by the management committee.

As part of the risk register the classification and evaluation of the risk will be recorded, together with the risk management actions proposed and taken and the monitoring mechanism.

Each risk will have a nominated department responsible for implementing the proposed action, as well as monitoring and managing that risk.

6.0 Development and Training

We will provide training to all staff and governing body members to help them understand the requirement of risk identification and management. This training will also focus on what individuals can do to incorporate risk management into all undertakings.

7.0 Our Positive Action Initiatives

We are committed to the involvement of all staff and management committee members in the process of risk identification, analysis, control and monitoring. Staff members focusing on operational risk management and the management committee and senior staff members focusing on strategic risk management.

Our internal audit function has the responsibility for ensuring

- Our Risk Management Strategy is applied to all areas of our business
- Our strategy and its operational application are reviewed on a regular basis
- Non-compliance with the strategy is reported to the governing body

We aim to ensure risk management is embedded within existing management processes, including strategic planning, performance management and project management.

Risk management will be used as a tool to ensure that we can respond to changing demands, improve our performance and make the most effective use of our resources.

We aspire to be an innovative organisation taking calculated risks, which have been identified and evaluated.

The management committee will communicate the strategic risk profile and their threshold to risk to all staff who will, within each department, identify any additional operational risks.

8.0 Review

We will review our risk management strategy and methodology on a three-yearly basis. This will not however prevent us from carrying out an early review where the strategy or methodology is considered to be flawed.

Yoker HA Limited

Risk Management Parameters

RISK CATEGORIES

The the Association has considered the level of risk that it considers to be acceptable and defines risk under the following categories

Unacceptable

An unacceptable risk is a risk that the Association must take immediate action to manage as it is above the Association's risk tolerance level. The Association will not undertake a risk that cannot be reduced to an acceptable level.

The Association considers an unacceptable risk to be any risk that has a score above	15

Unacceptable - Issue

A risk that is assessed as an issue (or significant) requires a controlling action to manage and reduce that risk to lowest reasonably practicable tolerable.

The Association considers an unacceptable risk to be any risk that has a score above	8

Acceptable

An acceptable risk is a risk that the the Association considers to be insignificant. It is the policy of the the Association not to prescribe any further controlling actions to such risks as it would be an ineffective use of resources. The Association will continue to monitor and maintain effective controls at this tolerable level.

The the Association considers an acceptable risk to be any risk that has a score below	8

Key Risk (Unacceptable Issue and Unacceptable)

These are the levels of risk that should be transferred from the overall risk register to the Main Register in order for them to be more closely monitored

The the Association considers any risk with a score of or above this level to be a key risk	*8*

Yoker HA Limited

Definitions used in Risk Assessment

Acceptable
Unacceptable - Issue
Unacceptable

LIKELIHOOD OF RISK					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

CONSEQUENCE OF RISK

The Association uses the following definitions in the assessment of risk:

Likelihood
1 Rare
2 Unlikely
3 Possible
4 Probable
5 Almost Certain

Consequences
1 Insignificant
2 Minor
3 Moderate
4 Major
5 Catastrophic

Inherent Risk
Inherent risk is the likelihood and the consequence of a risk occurring if the Association had no controlling action in place.

Residual Risk
Residual Risk is the risk remaining in terms of likelihood and consequence after the Association has put an appropriate controlling action in place.

Yoker HA Limited

Key Risk Register

The following is an extract from Yoker's overall risk register which lists significant risks facing the Association, the control actions in place to manage these risks, the person or persons that are responsible for managing the risk and how often the risk is re-assessed. The register does not include risks that have been classed as insignificant / acceptable. The full risk register (Overal Risk Register) is reviewed and updated to identify changes in existing risks and emerging risks.

The Key Risk Register as at 30/07/19

Risk No.	Description of risk	Inherent Risk			Controlling action	Residual Risk			Acceptable risk?	Responsibility	Review cycle
		Likelihood	Impact	Score		Likelihood	Impact	Score			
44	Reduced levels of subsidy for development funding	5	4	20	External risk out-with our direct control. Managed through business planning process and sensitivity analysis	5	3	15	NO	Management Committee	Quarterly
66	Business Plans are not viable	3	5	15	Robust planning process based on achievable objectives	2	4	8	NO	Management Committee	Quarterly
67	Poor financial plans based on unrealistic assumptions	3	5	15	Realistic assumptions and annual review of financial plans; Sensitivity Analysis	2	4	8	NO	Management Committee	Quarterly
81	Failure to comply with Regulatory Standards of Governance and Financial Management	5	5	25	Comply with Regulatory Standards of Governance and Financial Management; Obtain independent assessment of compliance	3	5	15	NO	Management Committee	Quarterly
146	Significant Public Sector Cuts	3	5	15	Sensitivity Analysis and stress testing to identify tolerance levels	2	4	8	NO	Management Committee	Quarterly
154	Welfare Reform (Universal Credit and Housing Benefit Changes)	5	4	20	Providing welfare, money advice and information to tenants; engage with partners such as GCC, DWP & Money Advice; Management of Rent Arrears Policy	4	3	12	NO	Management Committee	Quarterly