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Policy:	Risk Management
Legal Requirements:	There are no legal requirements applicable to this policy.
Regulatory Standards:	<p>The Scottish Housing Regulator has set out Regulatory Standards for all Registered Social Landlords (RSLs) to ensure that RSLs deliver good outcomes and services for its tenants and service users through good governance and financial management.</p> <p>This policy evidences that the following Regulatory Standards are being met:</p> <p>Standard 3 - The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay; and Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p>
Notifiable Events:	In compiling this policy, consideration has been given to the Notifiable Events Guidance issued by the Scottish Housing Regulator and the impact of that guidance on the policy.
Equality and Diversity:	<p>The Association is committed to Equal Opportunities and will endeavour to ensure that all services are carried out in an undiscriminating manner in line with the Association's Equality and Diversity Policy.</p> <p>In particular, the Association will not discriminate on the grounds of age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender, gender reassignment or sexual orientation.</p>
Human Rights:	<p>In compiling this policy, consideration has been given to "The Right to Adequate Housing" (Fact Sheet No. 21/Rev.1) published by the Office of the United Nations High Commissioner for Human Rights and the impact of that guidance on the policy.</p> <p>In particular, the Association is satisfied that this policy is not in contravention of the key aspects of the right to adequate housing:</p> <ul style="list-style-type: none"> • The right to adequate housing contains freedoms; • The right to adequate housing contains entitlements; • Adequate housing must provide more than four walls and a roof; and • Protection against forced evictions.
Complaints:	Although the Association is committed to providing high levels of service, we accept that there may be occasions where customers may not be satisfied with the service they have received. The Association values all complaints and uses this information to improve the services that it provides. The Association's Complaints Policy describes our complaints handling procedure and how to make a complaint.
General Data Protection Regulation (GDPR):	The Association will treat all customers' personal data in line with its obligations under the current data protection regulations and our Privacy Policy. Information regarding how data will be used and the basis for processing data is provided in the Association's Fair Processing Notice.
Policy Author:	Kirsty McKay
Policy Review:	In order to ensure that any change in circumstances is accommodated this policy will be subject to review every two years in the month of March.
Policy Approval:	This policy was last reviewed / approved by the Management Committee of Yoker Housing Association Limited at its meeting held on Thursday the 26th of March 2026.



Statement of Policy Aims / Principles

This policy aims to provide a clear and systematic overview of our approach to risk management, covering how we identify risks, assess their likelihood of occurring and their impact on the organisation and, finally, how we then respond to these risks to effectively manage them.

5 Risk management should be a routine part of every aspect of the Association’s activities. Procedures for approving contractors, health and safety, treasury management, insurance and maintenance are all areas which carry potential risks to the Association’s assets. Policies should be developed and routinely updated across the whole range of the Association’s activities and these policies shall incorporate a variety of risk management considerations. It is not intended that this policy shall duplicate work ongoing in these areas.

Policy Objectives

10 Risk is defined as a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities and that may be avoided through pre-emptive action.

Risk Management is defined as identification, analysis, assessment, control and avoidance, minimisation or elimination of unacceptable risks. An organisation may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy (or combination of strategies) in proper management of future events.

15 Identification of Risk

Risk Management is an integral part of our strategic planning and decision-making processes. Risk assessment and management will be 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. These risks are recorded on our risk register.

20 The Association shall adopt a structured approach to risk identification and assessment. Once risks have been identified and recorded within the risk register, each risk shall be clearly described and its potential impact evaluated in terms of likelihood and consequence. Existing controls and mitigation measures are documented to demonstrate how the risk is currently managed. Following this, an inherent risk assessment shall be conducted to determine the level of risk in the absence of controls, after which a residual risk assessment shall be performed to evaluate the remaining risk once controls are applied. Where the residual risk is determined to be
 25 unacceptable, the risk shall be escalated and transferred to the Key Risk Register for further review, monitoring and management by our Management Committee. The risk matrix tool and definitions used in risk assessment are detailed in Appendix 1.

Management of Risk

Risks are identified and reviewed by our Management Committee and the relevant departments on an quarterly basis, with additions and changes being made throughout the year as required.

30 Ongoing management of our risk register takes place through quarterly reporting and review to our Management Committee. All the controls and actions are detailed within the system and are allocated to departments responsible for them. This allows us to work towards the completion of all actions which, in turn, ensures that controls are active.

The absence of a risk management policy in respect of development work is identified as a key concern. As a result, this policy will focus on the area of financial risk relating to development work.

35 Only Development projects which will not give rise to significant financial risk will be entered into by the Association.



Policy Details

Definitions

- Development Risk: The risk of cost overruns during the period of a scheme's development.
- 5 Loan Period Risk: The risk of an association being unable to pay the interest charges and capital repayments for loans raised to finance a project. This would happen if the Association's income, after covering routine running costs, repairs and setting aside funds for future cyclical maintenance and major repairs work, did not leave enough to cover the finance costs.
- Significant Financial Risk: where the risk calculation shows a risk in excess of the free reserves of the Association during the period in question.

10 General

If either development risk or loan period risk materialises, the Association would have to cover the shortfall from its own reserves. Assessment of risk requires full financial projections for the period in question. These will be prepared jointly by the Director, finance section and development section and reviewed by the Management Committee prior to acceptance of any relevant contractual commitment.

15 Reserves represent the book value of all the Association's assets, including property, rent arrears, other debtors and bank deposits less amounts owed by the Association including overdrafts. It is entirely possible that available cash could therefore be less than free reserves at any point in time. In addition to the free reserves calculation, cash flow projections will be prepared and reviewed to establish the funds available. No contractual commitment will be accepted unless cash can be demonstrated to be available to cover the calculated financial risk.

20 Under the terms of the treasury management policy, surplus funds may be invested on a fixed term basis. Any such investments will be excluded from the available funds calculation, unless borrowing facilities have been arranged against the value of the investments.

Housing Association Grant applications are based on a series of standard calculations using notional assumptions about maintenance and management costs and available interest rates. In practice, the actual maintenance, finance and other costs of running a scheme may differ substantially from these assumptions. Separate forecasts should therefore be prepared based on realistic assumptions as to the cost of specific schemes, such as available interest rates and routine maintenance costs. This will show, on a marginal costing basis, the impact on reserves of proposed development projects.

Interest rate assumptions will take into account the treasury management constraints on fixed and variable rate loans in relation to the Association's overall borrowings.

30 Projections will be updated quarterly or more often where appropriate. Significant variations will be brought to the attention of the Committee by the Association's officers and corrective action taken to maintain the "no risk" strategy if required.

Exceptions may be made where risk exceeds available free reserves or available funds on a temporary basis if future income from current property and the development in question can be clearly shown to be adequate to cover the temporary reduction in reserves over a short timescale. However, arrangements will be made to ensure that cash will be available to cover any temporary shortfall through private loans, bank overdrafts or sale of assets.

35 Development Risk Strategy – Rented Housing (New Build)

To minimise the possibility of cost overruns during the development period tight control will be maintained at every stage of the project. This includes ensuring that minimal time is spent on projects which are abandoned prior to tender stage, since these could potentially result in development salary and consultancy fees being incurred which could not be recovered. If at any stage the project is established as unviable further stages will not proceed.

40 *Feasibility and site acquisition stages*

An in-house study will be conducted to identify housing need, potential number of units and indicative costs prior to engaging consultancy services; and

45 A viability study will be commissioned. Wherever possible this will be on an "at risk" basis with fees being payable only if the project is approved. This will include soil investigation surveys.



Policy Details (Continued)

Development Risk Strategy – Rented Housing (New Build)

Cost plan stage

5 Relevant approved consultants will be commissioned to prepare a Cost Plan based on designs taken to final build standards, incorporating full internal layouts with illustrative drawings showing furniture, radiator positions etc. This will include demolition costs of existing buildings where relevant.

All approved consultants will be required to produce evidence of professional indemnity insurance.

It will be assumed that DRS submission turnaround times will be in accordance with their own performance standards. The possible impact of turnaround times on tender deadlines will, however, be considered.

10 Letters of appointment to consultants will include a clause stipulating that payment of fees will be subject to approval by DRS. Fee levels will therefore be confirmed as being acceptable to DRS prior to commissioning of consultancy services. Fixed fees, including expenses, will be agreed wherever possible.

A full Cost Plan for each project must be approved by the Management Committee.

Tender stage

15 Following review by the Association, DRS and the consultants, the Cost Plan will be fine tuned prior to Tender stage.

Tendering contractors must submit outline Health & Safety plans with or prior to tender documents.

It is desirable for contractors to be registered with the National House Builders Confederation.

If registered, ten year NHBC guarantees will be required, as will performance bonds.

20 Delays in approval by DRS could reduce the risk to the Association by spreading the risk over time, particularly where several projects run concurrently. However, this could also lead to higher build costs due to expiry of tender deadlines. All communication with DRS will therefore be conducted with due regard for DRS deadlines and the Association's tender deadlines.

25 The time at which private finance is likely to be drawn down will be identified in the Cost Plan. Regular updates will be required from the Quantity Surveyor during the contract period, to be incorporated in the regular cash flow forecasting prepared by the Finance department. Private Finance will be arranged prior to the acceptance of the contract with due consideration being given to the likely timing of DRS payments.

The contract documentation will clearly specify in writing the procedure for approving variation orders.

Housing management will be kept fully informed as to projected completion dates to ensure letting begins immediately on completion.

Design & build

The current edition of the Scottish Standard Building Contract (SSBC) will be used.

30 Collateral warranties and performance bonds will be required.

Fixed price contracts will be required with no provisional figures.

Development Risk Strategy - Improvement for Sale

As above for rented housing (new build) but with the following additional procedural considerations:

35 Full market research must be undertaken. This includes two elements - market demand and market supply to identify possible competitors.

Marketing costs in excess of DRS allowances must be identified which may have to be borne by the Association.

Financial projections will include a "worst case" scenario of no sales being achieved.



Policy Details (Continued)

Development Risk Strategy - Shared Ownership

As above for rented housing (new build) and improvement for sale but with the following additional procedural considerations:

Void risks after completion

5 Recourse available to the Association if a shared owner falls into rent arrears whilst keeping up to date on mortgage payments will be clearly documented with reference to the mortgage and tenancy agreements.

The options available for arranging and ranking of standard securities to protect the Association's assets in the case of mortgage default will be clearly documented.

10 Relevant lending institutions awareness of shared ownership schemes will be fully investigated prior to contract stage to clarify these issues and ensure the most favourable possible terms for the Association.

Development Risk Strategy – Rehabilitation

As above for rented housing (new build), improvement for sale and shared ownership but with the following additional procedural considerations:

15 Due to the potentially high cost of works a value for money analysis will be conducted as early as possible during the Feasibility Study stage to establish indicative unit costs.

Feasibility study may involve substantial survey work including breaking through walls and other inconvenience to sitting tenants or owners. The cost of this will be agreed as payable by grant awarding bodies such as Glasgow City Council, or paid in advance by other owners (where relevant) prior to commissioning surveys.

20 Other owners' eligibility for improvement grant assistance will be confirmed prior to obtaining their signed agreement to the project. Work will not progress where non-eligible owners are identified unless alternative funding arrangements are agreed or the property is sold to the Association (subject to value for money and ability to purchase). Available Council funding will be established at this stage.

Verification of available funds due from other owners will be required prior to contract acceptance. Exceptions may be made where staged payments are offered by lending institutions, subject to review of agreements by the Association's solicitors and approval by the Committee.

25 Contract documentation will clearly specify the procedure for approval of variation orders by other owners.

Loan Period Risk

Ensuring that the Association has adequate funds at all times to service its commitments is the responsibility of the Committee.

30 An indicative life-cycle costing exercise will be required as part of the cost plan process to identify the funds required to be set aside each year to cover future major repairs works on each project. This will be included in forecasting and risk assessment. A fully updated life-cycle costing exercise will be required at project handover stage.

Maintenance policies will be applied rigorously to ensure the general condition of the buildings does not deteriorate.

Rent levels must provide adequate income, taking due regard of affordability in the Association's area of activity.

Void levels and arrears policies will be rigorously monitored to ensure all income due to the Association is recovered.

35 Factoring, or any other non-rental service provided by the Association to third parties will be subject to continual review and all costs incurred in providing such services will be charged out in full.

Effective budgeting, cost control and forecasting will be applied in all the Association's activities. Unnecessary costs in any area of activity reduce the funds available to maintain the Association's assets and service its debts.



APPENDIX 1

Yoker HA Limited

Definitions used in Risk Assessment



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