



TOLLCROSS
housing association

Risk Management Strategy

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CORPORATE FIT	
Internal Management Plan	✓
Risk Register	✓
Business Plan	✓
Regulatory Standards	✓
Equalities Strategy	✓
Legislation	✓

On request, the Association can provide translations of all our documents, policies and procedures in various languages and other formats such as computer disc, tape, large print, Braille etc. and these can be obtained by contacting the Association's offices.

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1. Introduction

- 1.1 Tollcross Housing Association has a moral and statutory duty of care to its tenants, employees and assets. It will meet this duty by ensuring that Risk Management plays an integral part in the management of the Association at a strategic and operational level. All employees must understand the nature of the risks relevant to their role in the organisation and accept responsibility for risks associated with their area of control and authority. The necessary support, assistance and commitment of the Management Committee will be provided to ensure that all requirements of the Risk Management Strategy are fully met
- 1.2 The main safeguards against risk are robust organised structures, policies and procedures, THA seeks to have:
 - a strong Management Committee with a relevant, well-serviced structure; and
 - a high calibre of employees in an effective structure with clear objectives and policies/procedures which are clearly delegated and monitored.
- 1.3 This will ensure that the fabric of the housing stock, the services to tenants and other customers, the living standards in the areas where we operate, the value of the assets and the safety of all is protected.
- 1.4 This policy describes THA's strategy for managing the risks inherent in its current and foreseeable future activities and how these risks are controlled and monitored.

2. Regulatory and Good Practice Requirements

- 2.1 The development of this policy has been informed by good practice and with regard to regulatory requirements.

3. Aims and Objectives

- 3.1 The aim of this Policy is to ensure that any risks with potential to impact on its ability to meet its objectives and targets or result in any losses or impact on reputation are identified, assessed and responded to.
- 3.2 All business undertaken by THA is contained within its Business Plan and associated policies and procedures and as such all risks will link back to the strategic themes of the business. In order to ensure that this aim is met all risks are contained in a risk register, which is a live document and regularly monitored. The procedures for monitoring the risk register are covered in detail in section 8 of this document.

- 3.2 Integrating risk management into the way THA delivers services is essential for the achievement of THA's vision and aims and the delivery of the targets and objectives of the organisation.

4. Definition and Descriptions

- 4.1 The simplest and possibly best definition of risk is the possibility of prosecution, loss, injury, disadvantage or destruction. Risk can also be regarded as the uncertainty of outcome, whether negative threat of action or events or positive opportunity of market conditions or other environmental factors. In order to control this in a methodical fashion risk can be described as the combination of the probability of an event and its consequences.
- 4.2 Risk management is the process whereby the Association methodically address the risks attached to its activities. This is done through a process of identification, analysis and either acceptance or mitigation based on the techniques contained in this strategy.
- 4.3 Recognising that a degree of risk is inherent in registered social landlord activity, THA will seek to minimise risk by:
- adopting well-organised structures, policies and procedures;
 - identifying and appraising key risk areas;
 - devising appropriate controls and/or risk reduction measures;
 - taking out insurance cover where appropriate;
 - continuously monitoring its activities and reviewing controls;
 - implementing a comprehensive Health & Safety Policy; and
 - verifying the indemnity of our external agents/contractors.

These measures are discussed in more detail in this strategy.

5. Key Steps in Risk Management

- 5.1 The systematic approach to risk management can be summarised as follows.
- Identifying Risks
 - Assessing and Evaluating Risks
 - Addressing and controlling risks
 - Management and Reporting of risks
- 5.2 Identifying risks is an integral part of business activity and cascades through all staff levels up to Management Committee. All risks should appear on the risk register.

5.3 When risks are identified each risk must be assessed in terms of likelihood of the risk happening and impact of the risk on the business. This can be summarised in a scoring mechanism, which prioritises risk based on a combination of these factors. This is illustrated in Table 1 below.

Table 1

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

For example if a risk was almost certain and the impact was catastrophic the score would be 5 x 5 or **25**. This is explored further in section 6.

5.4 The purpose of addressing risks is to manage uncertainty and reduce the impact of failures or problems on the business. There are five key aspects of addressing risk and these are detailed below.

- *Tolerate* - the exposure may be tolerable without any further action being taken
- *Treat* - action is taken to constrain the risk to a tolerable level
- *Transfer* - transferring the risk to a third party e.g. insurance
- *Terminate* - terminate the activity
- *Take the opportunity* - possible when a threat is also an opportunity

5.5 Appendix 2 of this document provides some general guidance on some of the solutions mentioned above.

5.6 THA's activities will by their very nature expose the organisation to a wide variety of risks. A systematic approach to risk management will be carried out as follows

- Staff members as part of their discussions with Line Managers should identify risks associated with tasks through their 1 to 1 meetings These will be fed back at Senior Management Team meetings and added to the risk register if appropriate
- The Director of each Department will then co-ordinate their team risk into an overall comprehensive risk list for inclusion in the register.

- These risks will then be prioritised with reference to the likelihood and impact illustrated in table 1 and this information will be recorded in the risk register;
 - Each method of addressing risk will be considered and the best method adopted, this will be recorded in the risk register;
 - The key significant risks identified by this approach will be identified in accordance with this strategy and highlighted to the Management Committee; and
 - The risk register and strategy will be subject to continuous monitoring and review.
 - Where any possible major risk is identified it should be reported immediately to the Chief Executive. If required the CEO will then enter the new risk in the register and highlight the details of the new risk to all Office Bearers and to all members of the Senior Management Team. The new major risk will then be reported to the Management Committee at the first possible meeting. In exceptional circumstances an emergency meeting of the Management Committee may be required to discuss and new risk that might have a significant impact on the organisation.
- 5.7 In the future, THA may become involved in new activities or projects. As part of the business case consideration process risk appraisal is carried out with appropriate controls and/or risk reduction measures considered before these new activities become part of the risk register and monitored as described.
- 5.8 In addition to the above, Senior Management Team will review all risks raised by staff at 1to 1 meetings and all other identified risks will be discussed at these monthly meetings. If appropriate major risks will then be added to the Risk Register and evaluated and mitigated using the methodology identified in this document.

6. Risk Appetite

- 6.1 The Aim of the risk strategy is not to remove all risk, as it is unlikely that this could ever be achieved. However taking risks in a controlled and managed fashion will ensure that the impact of those risks are minimised. The amount of exposure to risk that the organisation can manage or tolerate is known as the “risk appetite.”
- 6.2 The Risk appetite therefore represents the limits the organisation is willing to operate within to manage risk. Table 2 below illustrates Risk appetite.

6.3 Clearly the severity of the risk will generate a higher score as illustrated in 5.3 above. Therefore where the likelihood of an event is almost certain and the impact is catastrophic this risk would figure in the list of key significant risks highlighted by the systematic approach to risk management and the management of this risk a very high priority for the business.

Table 2

		LIKELIHOOD				
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
I M P A C T	Insignificant (1)	1	2	3	4	5
	Minor (2)	2	4	6	8	10
	Moderate(3)	3	6	9	12	15
	Major (4)	4	8	12	16	20
	Catastrophic (5)	5	10	15	20	25

Overall Rating

Low
Medium
High

6.4 Appendix 1 of this document gives further guidance on assessment of likelihood and impact.

7. Responsibility Allocation

7.1 In order to ensure that the responsibility for risk is clear and understood by all internal and external stakeholders of the THA the allocation of responsibility is contained in this strategy and is detailed below.

- The Management Committee and Chief Executive Officer have overall responsibility for ensuring that the risk management strategy is robust and provides optimum safeguard to the group. The Management Committee should be made aware of the most critical risks to the organisation.
- The Chief Executive in liaison with the members of the Management Committee and the members of the Senior

Management Team is responsible for identifying and flagging risks as they arise and ensuring that internal controls within their departments are identified controlled and managed.

- The Director of each Department with THA (Housing, Finance, Maintenance, Corporate Services) are responsible for ensuring that operational risks within their remits are well understood and documented accurately in the register.
- Departmental staff teams should be aware of risks that exist in their areas of operation and the possible impacts they might have. This will be done through 1 to 1 staff meetings.
- Individuals should ensure that they are aware of risks inherent in their role and ensure that risk management and awareness are part of their daily routine.
- All staff have responsibility as soon as a risk appears which may not have existed before to flag this through their line manager or other senior officer at once.

7.2 The risk strategy therefore also requires communication of the roles and responsibilities outlined above and the embedding of a culture of identifying and managing risks by inclusion of this as a standing item on agendas at SMT and LT, and through regular review and update by the Audit and Business Sub Committee and the Management Committee.

8. Monitoring and Reporting

8.1 A key feature of risk management, in addition to creating the risk register, is monitoring and reporting of these risks to ensure firstly that they are still being controlled but also if there has been a change in their risk status that this is identified and the appropriate action taken. A copy of the Risk Monitoring Procedure is attached at Appendix 3.

8.2 The risk management monitoring and reporting timescales and outputs will be as follows.

- Each new risk as it arises will be notified to Senior Management Team for consideration and possible inclusion in the risk register. The originator of the risk will supply full details of the risk and possible mitigating factors, which will generate an entry on the risk register and risk score.
- In cases where a new major risk is identified this will be notified to the CEO immediately. If thought to be a major risk the CEO will immediately add this new risk to the Risk Register and highlight the new major risk to all members of the Office Bearers and members of the Senior Management Team. The CEO will ensure that all new major risks are reported to the Management Committee at the meeting following their addition to the Risk

Register. In exceptional circumstances an emergency meeting of the Management Committee may be called to deal with the new major risk.

- Risk register will be discussed monthly at the SMT and LT and any changes in the level of risk assessed and escalated if need be. The risk register will contain a summary of the number of risks at each level and also have a summary of the key risks in a prominent position.
- A Risk Management Review Report will be presented to the Management Committee twice a year drawing any significant movements in risk levels to their attention.

9. Equalities

- 9.1 An Equality Impact Assessment (EIA) has been carried out when reviewing this policy. In line with good practice the completed EIA will be published alongside the Risk Management Strategy.
- 9.2 Where there is a need for follow-up action, the tasks and timeframe for achieving them shall be noted in the Equality and Human Rights Action Plan to ensure they are addressed.
- 9.3 We do not see this policy as having any direct impact upon the protected characteristics contained within the Equality Act 2010.

10. Strategy Review

- 10.1 This Strategy shall be fully reviewed each 3 years, however, will be subject to annual review, particularly the Register as part of creation of activity plans.

Appendix 1

ASSESSING LIKELIHOOD AND IMPACT

Introduction

1. The Association's Risk Management Policy sets out a 5-point scale for assessing both the likelihood and impact of risks. From this, multiplying the likelihood and impact scores derives a risk rating.
2. The policy defines the points on each scale by a single word. This may lead to inconsistency in risk rating as a result of the subjectivity involved in interpreting these words. To address this, a matrix has been produced which defines the points on the impact scales in terms of different types of impact, and the points on the likelihood scale have also been defined in more detail.
3. This document sets out the 3 key tables to be used in assessing likelihood and impact and assigning an overall risk rating (high, medium or low). Table 3 contains a narrative description of all likelihood ratings and impact ratings. Table 4 shows the types of impact, which should be considered and defines points 1 to 5 on the scale in respect of each. Table 5 defines points 1 to 5 on the likelihood scale in terms of both frequency and chance of occurrence. The overall score is calculated as described in section 5.3 of the Risk Strategy Document. Further guidance on applying the scales is set out below.

Process

4. The process for applying the scales is as follows:
 - For each new risk that is identified, consider which type of impact applies – there may be more than one.
 - Decide which point on the scale most closely matches the potential impact. Where more than one impact type applies, select the highest scoring one. Your assessment should take into account mitigating action currently in place. Where further mitigating action is planned the score should represent the current position and should be reassessed once the action has been implemented.
 - Decide which point on the likelihood scale most closely matches the chance or frequency of this level of impact occurring. Again, the assessment should be based on the current situation, and revisited following the implementation of any new mitigating action.
 - Multiply the resulting impact and likelihood scores to arrive at the overall high, medium or low rating.

- It is important that the same parameters are used for both the impact and likelihood scoring, i.e. if impact is scored on a worst case basis the likelihood score should reflect the chance of that scenario occurring. It is a matter of judgement whether to consider the worst case or the most likely scenario. It may be useful to look at both, and if the overall rating differs, select the higher one. What is not acceptable is to take an impact score based on worst case and a likelihood score based on a lesser level of impact and multiply these two – this will result in overstating the risk level.

Guidance on Applying the Impact Scale

5. The following points should be noted in applying the impact scale:
 - For financial loss or cost increase the percentage of the budget for that particular activity is the guiding factor. It may be useful to write in the actual figures that represent the relevant percentages.
 - For performance impacts “targets” refers to the Association’s agreed performance targets. Again it may be useful to write in the relevant actual figures.

Guidance on Applying the Likelihood Scale

6. Likelihood is expressed in terms of either frequency or percentage chance of occurrence. For risks relating to open ended activities/situations, either the frequency or the chance of occurrence in the next year should be used, whichever appears more appropriate? For risks related to projects or initiatives with a defined timeframe of more than a year, the percentage chance can be applied in relation to the lifespan of the project/initiative.

Definitions of Categories of Likelihood and Impact

7. A narrative description of the likelihood categories and the Impact categories is detailed below in Table 3.

Table 3

Score	Likelihood	Description
5	Almost Certain	Very <i>likely</i> or certain that event will occur
4	Likely	There is a <i>strong</i> possibility that risk will occur
3	Possible	The event <i>might</i> occur at some time
2	Unlikely	Not expected but there is a <i>slight</i> possibility of occurrence
1	Rare	Highly <i>Unlikely</i>
Score	Impact	
5	Catastrophic	Unacceptable level of risk exposure which requires immediate corrective action to be taken
4	Major	Unacceptable level of risk exposure, which requires constant active monitoring and measures to be put into place to reduce exposure.
3	Moderate	Acceptable level of risk exposure subject to regular active monitoring measures
2	Minor	Acceptable level of risk subject to regular passive monitoring measures
1	Insignificant	Acceptable level of risk

Table 4: Risk Impact Matrix

	Financial Loss / Cost Increase	Performance	Disruption	Strategy	Reputation
Insignificant	Loss or cost increase <5% of budget	Failure to achieve <5% of targets or abandonment of low priority project	Low level disruption to business of <1 month	Minor distractions from or disagreement over strategic priorities	Isolated complaints
Minor	Loss or cost increase of 5%-9% of budget	Failure to achieve 5%-9% of targets or abandonment/failure of medium priority project	Low level disruption to business of 1-3 months	Conflicts over strategic priorities with non-key partners/stakeholders	Dissatisfaction of particular individuals or group with limited influence or short duration/low key criticism, which can be readily rebutted.
Moderate	Loss or increase of 10%-19% of budget	Failure to achieve 10%-19% of targets or significant shortfall in benefits from a major initiative or abandonment /failure of high priority local initiative or more than one	Delay of <3 months in significant activity /initiative or significant disruption to business of up to 1 month	Conflicts over strategic priorities with key partners, or tactical opportunity misses or diversion of limited amount of resources away from strategic priorities	Short duration or low-key criticism where there is some substance or longer term /higher profile criticism which can be readily rebutted or dissatisfaction of key client or influencer group.
Major	Loss or cost increase of 20%-49% of budget	Failure to achieve 20%-49% of published targets, or failure of a major initiative to achieve any significant benefit, or significant shortfall in benefits on more than one major initiative	Partial shutdown of operations, or delay of >3months to key activity/initiative or significant disruption to business of >1 month	Failure to have appropriate influence over policy in key area, or significant strategic opportunity missed or diversion of significant resources away from strategic priorities	Sustained, high profile criticism of the Association by media /politicians / dissatisfied customers where there is some substance and/or the critics have significant influence
Catastrophic	Loss or cost increase of 50% or more of budget	Failure to achieve 50% or more of published targets, or failure of more than one major initiative to achieve any significant benefit	Total shutdown of operations	Failure to make any discernible contribution to strategic priorities	Loss of Scottish Housing Regulator and/or appropriate Local Authority confidence.

Table 5: Likelihood Scale

	<i>Frequency</i>	<i>Chance of Occurrence in Next Year / Project Lifespan</i>
1. Rare	Less than once in 10 years	<10%
2. Unlikely	Up to 4 times in 10 years	10%-39%
3. Possible	Around once every 2 years	40%-49%
4. Likely	Around once a year	50%-79%
5. Almost Certain	More than once a year	= Or >80%

Appendix 2

General Principles

The risk management strategy sets out how the THA will identify, assess, manage and report on risks which impact on the organisation. This appendix details general principles of management within the THA, which underpin this strategy.

1. Devising appropriate controls

THA will establish and review comprehensive Financial Regulations and Procedures, Treasury Management Policy, Housing Management Strategy and Development policies and procedures to minimise risk in these key areas to its tenants, its assets, its committee and employees.

New activities will be appraised for risk and, if necessary, appropriate controls introduced in good time, e.g. policy, authorisation, checks, etc. Risk management techniques such as risk spreading and risk cover will be considered where appropriate.

2. Insurance

Insurance is an important tool in the management of risk, therefore, THA will ensure that all areas of risk and liability are identified and that adequate insurance cover is arranged and reviewed annually.

Insurance cover will always be taken where it required by legislation, contract or agreement and it will be the favoured option where best practice recommends its use. However in other situations, careful judgement will be used on whether to take insurance or instead simply to carry the risk.

3. Health & Safety

THA has implemented a comprehensive Health and Safety Policy and the necessary procedures and training, which are aimed at the reduction of risk.

4. External Contracts

THA will not arrange any contracts, which could jeopardise its assets, charitable status or the public image of registered social landlords.

THA will ensure, as far as possible, that all businesses, with whom it has contracts, have in place adequate risk management procedures and appropriate, adequate and correct insurance cover. This will be embedded in future procurement strategy development.

5. Monitoring and Reviewing

THA requires clear policies, procedures and checks across the range of its risk-inherent activity in order to establish the necessary level of control. In order to maintain control, THA's Senior Officers will review and report on the main policies and procedures in their departments on a regular basis in addition to the periodic re-assessment of risk management. Discussions on the risk register and risk management will be embedded into team meetings, SMT & LT meetings and ultimately discussed at Management Committee level.

6. Business Continuity Plan

THA recognises that as part of its business responsibilities it must have the capability to recover and maintain key processes despite the occurrence of a disaster or other interruption event. It aims to have in place continuity planning arrangements to address the following:

- risk identification;
- risk elimination, avoidance and control;
- determination of recovery priorities;
- crisis response procedures;
- prior allocation of duties within the crisis response mechanism;
- a communications strategy including response to media enquiries;
- a fully documented business continuity plan;
- reinstatement of key processes and business functions at an alternative site;
- rebuilding the original infrastructure;
- return to "business as usual"; and
- plan validation.

As part of continuity plan validation there will be an ongoing programme of testing. This will be outlined as part of the business continuity/disaster recovery planning process. There will also be a process to raise awareness of the continuity planning arrangements so that employees, customers and suppliers understand the recovery mechanism and their part in it.

The plan will be subjected to regular review so that it is kept up-to-date.

External guidance and support will be sought when needed.

The Corporate Services Director will manage and implement the development and maintenance of the continuity plan in accordance with the above provisions.

Appendix 3

Tollcross Housing Association Risk Management Procedure

This procedure details how the Association manages and reviews its Risk Register, in conjunction with its Risk Management Strategy.

1. New and Potential Risk Identification

- 1.1 The Association's Senior Management Team and Leadership Team will ensure that Risk Management is a standing item on each monthly agenda. Consideration will be given to any potential new risks, as a result of business being discussed, actions agreed or current environmental, economic, sectoral or national factors.
- 1.2 Any new risks will then be detailed to the Chief Executive. If appropriate, the Chief Executive will then add these to the Risk Register
- 1.3 A copy of the Risk Register is available to view in the Governance folder.
- 1.4 At certain point it may be the case that the organisation might face a significant risk and the review of this risk, possible impact and mitigation strategy would need to be considered and implemented immediately. In such cases the Chief Executive will evaluate this risk and take whatever action is necessary to put a robust and effective mitigation strategy in place to manage the risk. The Chief Executive will then update the risk register and inform the office bearers of the issue and the Senior Management Team. The Management Committee will then be fully updated on the risk issue at the next available meeting or an emergency meeting will be call in exceptional circumstances.

2. Review of Identified Risks

- 2.1 The Risk Register details a responsible individual(s) against each risk on the register.
- 2.2 Twice each year each Department Director will provide the Chief Executive with an update on the current status of their 'Risks', and outline proposals or changes as a result of any identified factors.
- 2.3 Any proposed changes will then be reported to the next Senior Management Team meeting for consideration. The Chief Executive will then apply any agreed changes to the Risk Register.
- 2.4 Twice a year the CEO will prepare a report for the Management Committee highlighting all of the major risk

3. Overall Review of Risk Strategy

3.1 The Management Committee considers the review of the Risk Management Strategy every 3 years.

4. Risk Management and Decision Making

4.1 Where they require approval, the Association's Management Committee and Sub Committee reports detail additional information, which includes Key Risk Consideration and Current Risk Position. This information provides Members with detailed information in relation to any potential risks to assist them as part of their decision making process.