Risk Management Policy

Committee Approval: **May 2021**

Next Review: **May 2024**

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1. **About SVHA**

1.1 Spire View Housing Association Limited (SVHA) is registered under the Co-operative and Community Benefit Societies Act 2014, a Scottish Registered Charity and registered with the Financial Conduct Authority (FCA). We are a Registered Social Landlord (RSL) registered with the Scottish Housing Regulator (SHR) since 1988 and in accordance with the Housing (Scotland) Act 2001. We hold charitable status and employ 10 people. Our turnover for the year ended 31 March 2020 was £2.1m.

1.2 We own and manage 557 homes providing all of the core landlord services to our tenants (rent collection, allocating homes, repairs and investment to our properties and environment, resolving neighbour disputes as well as tenancy support and money advice).

1.3 We also provide factoring services to some 13 home owners in our local community. This involves looking after property maintenance and landscaping, where we arrange works and services in areas of common ownership and issues invoices and recover costs for these activities.

2. **Risk Management Statement**

2.1 We 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.

2.2 The purpose of this risk management policy 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.

3. **Regulatory Expectations**

3.1 The SHR sets clear expectations about the importance of risk management in its Regulatory Standards of Governance and Financial Management. Specific relevant requirements are as follows:

- *GS 3.2. The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks.*
- *GS 3.3. The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of risks to the delivery of plans.*
- *GS 3.5. The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.*
- *GS 4.3. 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.*

4. Our Policy Objectives

4.1 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 preemptive action.

4.2 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.

4.3 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.

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

4.5 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.

4.6 We consider the materiality of risk in developing our responses through the statement of our appetite or threshold for risk.

5. Implementing Our Policy Objectives

Types of Risk

5.1 Risk permeates all aspects of life; private and public. For the purposes of this policy we are addressing strategic and operational risks. This does not include health and safety type risks which are addressed through various other organisational policies and procedures.

5.2 The bulk of our risk management activity focuses on strategic risks; those that would prevent us achieving our strategic goals in whole or in part. We also cover operational risks; those that would impact upon our actual delivery mechanisms (e.g. buildings, staff and infrastructure).

Identification

5.3 We undertake a process of risk identification against our strategic goals and strategic areas of operation. Risks are identified and reviewed by our Management Committee and leadership team on an annual basis, with additions and changes being made throughout the year as required.

Assessment

5.4   Following the identification process we then move to an assessment stage. This involves examining the detail behind each risk, identifying the mechanisms to limit or remove the risk and then allocating each risk a score based on likelihood of occurrence and its likely impact on the organisation. Appendix 1 sets out the considerations in allocating a score.

5.5   When exploring the detail behind each of our identified risks we are looking at the causes and consequences of the risks. This helps us to build a better picture of the risk landscape, identifying commonality in terms of the factors causing the risks, as well as the likely possible consequences of these.

5.6   We then begin to look at the control measures which are, or can be put in place, to limit or remove the risk. Behind these controls we are building up a list of actions that will need to be delivered in order to make the control fully effective.

5.7   We are then in a position to score each of the risks, which is done on the basis of likelihood multiplied by impact. Each of these elements is scored between 1 and 5, providing a risk score between 1 and 25, with 25 being the highest risk. We then consider 3 separate areas during this process as follows:

1. Pre control measures – this takes the identified risk and allocates a score and risk level based on an assessment of the risk with no controls in place, this is the worst case scenario.
2. Post control measure – this takes the risk and revises the score and risk level after applying controls.
3. Current status – This updated the risk on the current position to reflect status, planned activity, any changes in the risk with the passage of time.

6.   Management of Risk

6.1   Ongoing management of our risk register takes place through quarterly reporting to our Management Committee. The Committee will scrutinise the risk management processes as well as the risk register itself.

6.2   All of the controls and actions are detailed within the system and are allocated to officers responsible for them. This allows us to work towards the completion of all actions which, in turn, ensures that controls are active.

7.   Roles and Responsibilities

Management Committee

7.1   The Committee as governing body are responsible for risk overall and delegates responsibility for risk management to officers of the Association. The Committee play an important role in risk identification and assessment through its annual Business Plan process, through each report it considers and through quarterly review of the Risk Register.

As the Association does not currently have in place an Audit and Risk Sub Committee, the full Management Committee retains the role of risk assurance. This includes the examination and

scrutiny of the processes that have been put in place to identify, assess and manage risk within SVHA.

7.2   The Management Team of SVHA are responsible for ongoing risk identification and management. This takes place within annual strategic planning processes, as well as on an ongoing basis throughout the year. Once risks have been identified they are added to the risk register, assessed and managed appropriately. The Director also has responsibility for monitoring of the risk management process, ensuring that risks are identified, assessed and managed.

8.   Policy Review

8.1   This policy will be reviewed on a three yearly basis unless any changes are required before this.

RISK ASSESSMENT & SCORING Appendix 1

Impact (on the business)		
5	Extreme	Reputation - Sustained widespread media critical coverage. SHR statutory intervention & potential transfer of assets.
		Financial Loss in excess of £1m
		Service Delivery - Significant disruption of the whole organisation
		Legislative - legislation has significant impact on the whole operation
4	Major	Reputation - Prolonged National Media Exposure. SHR statutory intervention.
		Financial Loss between £250k and £1m
		Service Delivery - Significant disruption of large parts of the organisation
		Legislative - legislation has significant impact on a key area
3	Moderate	Reputation - One-off National Media Exposure. SHR engagement - Regulation Plan
		Financial Loss between £50k and £250k
		Service Delivery - Significant disruption of one part of the organisation
		Legislative - legislation has moderate impact on a number of functions.
2	Minor	Reputation -Prolonged Local Media Exposure. SHR engagement
		Financial Loss less than £50k
		Service Delivery - Minimal disruption of the whole organisation
		Legislative - legislative impact affects small number of procedures.
1	Insignificant	Reputation - One-off Local Media Exposure.
		Financial Loss - Negligible financial impact
		Service Delivery - Minimal disruption of one part of the organisation
		Legislative - minimal Legislative Implications

Likelihood (of risk manifesting)		
5	Almost Certain	The risk is almost certain to occur (greater than 80% chance)
4	Likely	The risk is more likely to occur than not (between 51% and 80% chance)
3	Possible	The risk is fairly likely to occur (between 21% and 50% chance)
2	Unlikely	The risk is unlikely but not impossible to occur (between 6% and 20% chance)
1	Rare	The risk is unlikely to occur (<5% chance)

Impact \ Likelihood	1	2	3	4	5
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**

Likelihood

Risk Score = Business Impact x Likelihood	
15 or more	Risk Score is **High**
8-12	Risk Score is **Significant**
4-6	Risk Score is **Moderate**
3 or less	Risk Score is **Low**