COR10	ADOPTED: 29.10.97	REVIEWED: 27.1.99; 17.8.00; 29.5.02; 16.8.04; 14.8.06; 27.8.08; 30.6.10; 26.6.13; 26.8.15; 29.8.18; 27.10.21

RISK MANAGEMENT POLICY

1.0   INTRODUCTION

1.1   We recognise that there are risks associated with our activities, where risk is defined as "the chance of things going wrong", and therefore recognise the need for, and the value of a comprehensive Risk Management Strategy which aims to:

- identify, assess, communicate and manage the risks that would prevent us from achieving our objectives;
- minimise the consequences, should anything go wrong.

1.2   The Management Committee recognises that:

- it is ultimately responsible for managing risk within the organisation;
- it cannot take all the decisions involving risk;
- part of its strategy therefore is the establishment of a framework within which decisions are taken and risks are managed.

1.3   We have developed a comprehensive Risk Management Strategy consisting of:

- an overall Risk Management policy statement;
- an active Risk Management process to identify etc. actual or potential risks (see section 3);
- a detailed Risk Management matrix to record the results of the process (see section 4);
- a regular Risk Management review cycle;
- a range of policies and procedures covering relevant activities;
- comprehensive staff induction and ongoing training/development programmes;
- comprehensive insurances.

1.4   This document describes our overall policy arrangements and refers, where appropriate, to specific policies or procedures.

1.5   We recognise that it is not possible to foresee and anticipate every eventuality, and that some events are outwith our control. We will review this policy, our processes and the risk management matrix, both in the light of general experience and following any specific events, and will revise or update these documents as required.

2.0   THE SCOTTISH SOCIAL HOUSING CHARTER

The Scottish Government's Social Housing Charter came into force in April 2012, and was revised in April 2017. The Charter sets out the standards and outcomes that tenants can expect from social landlords, in terms of the quality and value for money of the services they receive, the standard of their homes, and opportunities for communication and participation in the decisions that affect them.

By its nature, risk management covers all aspects of our work and therefore all of the Charter standards and outcomes that relate to Housing Associations are relevant for this policy.

3.0   POLICY FRAMEWORK

3.1   Compliance with Legislation

In all our activities, we will aim to comply with legislation, statutory requirements, codes of practice, our Rules, guidance issued by the Scottish Housing Regulator and all other relevant guidance or "best practice".

Individual Managers have specific responsibilities for monitoring legislation, guidance, etc. and for identifying when action is required by Prospect.

3.2   Committee Control

Committee control is the essence of risk management. The actions we will take to create the required environment for Committee to exercise the necessary level of control are set out later in this document.

3.3   Equality & Diversity

As part of managing the risks associated with potential or actual discrimination, as currently defined, we will implement a detailed and comprehensive Equality & Diversity Policy which complies with all current anti-discrimination legislation, together with related policies on Recruitment & Selection, Allocations, Appointment of Consultants and Contractors, and Disability.

Each Policy will be monitored as specified in the text, together with an annual equality and diversity report to the Management Committee.

3.4   Health and Safety

Our arrangements to deal with Health and Safety risks will include:

- implementing a comprehensive Health & Safety policy with detailed supporting procedures on all relevant aspects of health and safety;
- identifying individual responsibilities for health & safety at every level in the organisation;

- undertaking all the types of risk assessment currently required, recording the action required and taken;
- providing the required number of trained first-aiders, and regular basic first aid training for all staff;
- ensuring that all accidents and potential accidents are recorded and investigated.

3.5 Security

a) Staff

Our arrangements to deal with risks related to staff security will include:

- implementing detailed staff security procedures, e.g. on lone working;
- implementing specific arrangements to deal with potential threats of violence to staff, both within and outwith the office;
- maintaining close liaison with local Police;
- providing training on defusing violent situations, and on handling situations.

b) Buildings and Assets

Our arrangements to deal with risks related to damage to buildings or theft of assets will include:

- the provision of a buildings alarm system in our office linked to a central control, for the rapid summoning of Police assistance;
- clear procedures for the opening and closing of the office, for dealing with visitors attending meetings etc., and for working alone;
- securing confidential and valuable documents in a fire-proof safe;
- maintaining up-to-date key registers, with signing in/out of keys.

Through our Solicitors, we will ensure that a valid, legal title is held on all relevant assets.

3.6 Property Services (new developments & maintenance services)

Managing development risk is a key Management Committee responsibility, given the large sums of money and the range of potential risks involved.

We will only undertake projects which fulfil our own strategy and aims, and which also fulfil City of Edinburgh Council priorities, in order to maximise funding opportunities.

Major planned maintenance projects can also involve large amounts of capital expenditure. While individual reactive repairs may not involve large expense, there are areas where cumulative risks can have a large impact. For example poor current maintenance may lead to much higher repair costs in the future, and to the organisation having a poor reputation.

3.7 Housing Management

While housing management risk does not often involve large items of capital expenditure, there are areas where cumulative risks can have a large impact, for example high rent arrears, or poor delivery of services leading to a loss of reputation and of applicants.

3.8   **Financial Management**

While the risks in every area of Prospect's activities tend to have financial consequences, and managing risk nearly always involves managing financial risk, there are general financial risks which are not specifically related to specialist areas such as Property Services or Housing Management. The risks in this area are covered in the risk matrix.

3.9   **Insurances**

Part of our strategy will be to insure against all relevant risks in accordance with statutory requirements and professional advice, including the following:

- Employer's Liability;
- Buildings (material damage);
- Public Liability;
- Engineering (inspection only);
- Office and Business Interruption;
- Fidelity Guarantee.

Full details are contained in the Policy entitled Insurances.

An annual meeting will be held with the insurance company and/or brokers to ensure that Prospect's insurance levels are adequate.

All tenants and factored owners are responsible for arranging their own home contents insurance. They will be reminded of this at least once each year, either through the tenants' newsletters or, in the case of owners, by letter.

3.10   **Personnel Issues**

Staffing costs are a major part of our expenditure. It is therefore important to ensure that new staff appointments are the best available to undertake the duties, that staff receive the necessary training and development to maximise their contribution, and that the increasingly complex range of personnel legislation is complied with, to avoid costly compensation claims.

3.11   **IT System Security**

The IT System Security policy provides the framework for dealing with the risks associated with the use of computer systems and access to emails and the internet.

We recognise the significant reliance placed on IT systems within the organisation. The loss of these systems and the data held within them would cause extreme problems, both administrative and financial. To minimise the risk and impact of such a loss we have a comprehensive IT Disaster Recovery procedure and Business Continuity Plan.

3.12   **Fraud**

To provide a framework for managing and minimising the risk of loss through fraudulent activities (internal and external) we will implement a comprehensive range of policies, procedures and controls, together with staff training, and that systems and controls are regularly audited.

The actions we will take to minimise the general risk of fraud will include:

- reviewing and updating all policies and procedures on a regular basis;
- arranging appropriate internal and external audit reviews annually, and implementing agreed recommendations from such audits as soon as possible after agreement;
- taking immediate action in the event of a fraud being discovered to prevent any re-occurrence;
- reporting any instances of fraud to Management Committee.

3.13 Unforeseen Events

Should an event occur which could not have been foreseen under normal circumstances, and which has resulted in, or potentially could result in, significant financial cost to Prospect, the Management Team will take whatever urgent action is required, keeping the Chairperson informed as necessary.

Following the immediate action, the Management Team will examine the implications of the event, determine a strategy to deal with these and submit recommendations for approval to the Management Committee.

4.0 RISK MANAGEMENT PROCESS

4.1 The risk matrix is central to our risk management approach. Using the traffic light system in the risk matrix, this determines how the risk is monitored.

4.2 Risks will be assessed (measured) according to:

(a) their impact on one or more objectives or activities, and

(b) the likelihood of the risk happening.

The process will result in risks being put into a traffic light category. There are two assessment stages. The first stage will show the level of 'inherent risk', i.e. the level of risk with no control measures in place. The second stage will show the level of 'residual risk', i.e. after control measures are in place. The risk matrix will be updated:

- when new risks emerge (for example new external circumstances, new projects, revised business plan)
- when existing risks are reassessed

Management Team would agree at their monthly meetings any changes to the risk matrix. Management Committee can also ask for changes to be made following discussion at any Management Committee meeting. As part of the process, our risk appetite is considered for each risk area. For details of the assessment process used in the risk matrix, see appendix 1.

4.3 Using the risk matrix, risks will be monitored using the unmanaged risk traffic lights as follows:

Management Committee - will monitor the red risks. Each quarter, Management Committee will receive a report (using template appendix 2) on each of the red risks in one category.

This means that over the course of the year, all of the red risks across all categories will be considered once a year by Management Committee. This will allow meaningful discussion on each of the high level risks. In addition, each quarter Management Committee will consider a selection of amber and green risks, to be selected by Management Team.

Management Team – will monitor the amber risks. This will be done in a similar way as described above for Management Committee.

Manager and front line staff – will monitor the green risks.

Each time a risk is looked at using the above system, consideration will be given to whether the risk assessment is correct. This could lead, over time, to risks moving between the above categories.

In addition to the above, both Management Team and Management Committee will consider the complete risk matrix once a year so they can have an overview of its contents and make any appropriate changes.

5.0   IMPLEMENTATION, MONITORING AND REVIEW

5.1   The Director has overall responsibility for ensuring that this policy is implemented throughout the organisation. Each Manager is responsible for implementing relevant parts of the policy within the risk areas for which they are responsible. These are indicated in the risk matrix.

5.2   The Director will ensure that this policy is reviewed by the Management Committee at least every 3 years.

Reviewed by the Management Committee on 27 October 2021

Next review due by: October 2024

RISK ASSESSMENT PROCESS

In assessing the degree of risk we use a matrix with 3 levels of Impact and 3 levels of Likelihood, defined as follows.

IMPACT (Consequences)

3 Critical:

- Total system dysfunction or all operational activities compromised.
- Total shutdown of operations.
- 75% loss of budget.
- Key person resignation/removal.
- Sustained adverse national publicity.

2 Serious:

- Up to 75% loss of budget.
- Committee dissatisfaction.
- Sustained adverse national publicity.
- Disruption to several operational activities.
- Significant adverse national publicity.

1 Minor:

- Some disruption, manageable by altering operational practices.
- Up to 15% loss of budget.
- Significant adverse local publicity.

LIKELIHOOD (Probability)

3 Very likely: Regular occurrence – daily, or frequently encountered – More than 60% chance

3 Likely: Circumstances occasionally encountered – within next 1-2 years, between 20% - 60% chance.

1 Unlikely: Circumstances infrequently or rarely encountered – over 2 years years, less than 20% chance.

The results of this scoring method are as follows:

LOW RISK: 1 – 4   **MEDIUM RISK: 6**   **HIGH RISK: 9**

I M P A C T		Unlikely	Likely	Very Likely
	3 Critical	3x1 = 3	3x2 = 6	3x3 = 9
	2 Serious	2x1 = 2	2x2 = 4	2x3 = 6
	1 Minor	1x1 = 1	1x2 = 2	1x3 = 3

Risk Management Reporting Form

Risk title:			Risk category:		
Traffic light assessment - unmanaged risk:	Green/Amber/Red				
Unmanaged risk score:	**Likelihood (L):**	**Impact (I):**		**Total L x I:**	
Residual risk score:	**Likelihood (L):**	**Impact (I):**		**Total L x I:**	
Review month/year:					
Report for (delete as appropriate):	Management Team/Committee				

Manager report:

Control Action (taken from Risk Matrix)	Evidence of control action being implemented	Other comment

Actions agreed as a result of discussions:					
Does the Risk require a revised assessment?	**YES/NO**				
Revised traffic light assessment - unmanaged risk:	Red/Amber/Green				
Revised unmanaged risk score:	**Likelihood (L):**	**Impact (I):**		**Total L x I:**	
Residual risk score:	**Likelihood (L):**	**Impact (I):**		**Total L x I:**	
Risk Appetite:	**Treat / Tolerate / Transfer / Terminate *** *delete as applicable		**Timescales:** If Treat / Transfer / Terminate	

PROSPECT EQUALITY IMPACT ASSESSMENT RECORD

Title of policy/ practice/ strategy/	COR10 – Risk Management
Department	Corporate
Who is involved in the EQIA?	Brendan Fowler
Is this new policy or revision to an existing policy?	Revision to an existing policy
Date completed	11/10/21

Screening Summary

Policy Aim

The policy outlines our arrangements for managing risk across all of Prospect's activities.

Who will it affect?

Protected characteristics	Affected by policy
Age	No
Disability	No
Sex	No
Pregnancy and maternity	No
Gender Reassignment/Sexual Orientation	No
Race/Religion/Belief	No

This policy is sets out our general approach to risk management. There is no direct impact on people in this policy, but there may be in particular areas, for example due to a control action relating to a specific risk. This will be covered in the appropriate policy area covered by that risk.

What might prevent the desired outcomes being achieved?

None

Confirm whether EQIA is required

Not required.