



Risk Management Policy

Last Reviewed:	June 2020
Next Review Date:	June 2024



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

Responsibilities

All Board Members/Trustees and Staff are responsible for managing risk. The specific responsibilities are outlined below.

The Chief Executive is the Chief Officer of the association and as such has legal responsibility for key risks to the association such as Health and Safety and Corporate Responsibility. These are set out in law. In the job description there is also an expectation that the Chief Executive will maintain a high sensitivity to risks and will set up systems to monitor the environment internal and external and will put in place mechanisms to monitor and to mitigate risks as they are encountered. In the event of serious incidents or accidents occurring and where the organisation is held to be liable, it is possible the Chief Executive could face prosecution.

The Board as Trustees of the charity alongside the company Directors of BHA Enterprise Ltd also have legal obligations placed upon them. These include the need to monitor the association's performance on risk to ensure that all actions to mitigate serious risk have been taken. The Board are required to ensure that they are satisfied that any actions taken by the organisation that do have risks attached are taken with their full knowledge and understanding and with the implications for themselves and the organisation made clear. If serious incidents or accidents occur and the organisation is found to be liable it is possible the members of the board could face prosecution.

The Audit and Finance Committee are responsible for monitoring the financial accounts of the organisation and ensuring the statutory accounts are completed on time and in accordance with; applicable accounting standards, the accounting requirements included in the Determination of Accounting Requirements (February 2019), the Statement of Recommended Practice for social housing providers 2014 issued by the National Housing Federation, and with Financial Reporting Standard 102.

They also receive and discuss all internal audit reports commissioned and submitted and the audit findings report submitted by the external auditor. Both the external and internal auditors can, if they have serious concerns, contact the Chair of the Audit committee directly to raise issues about the probity of the organisation. The committee can direct the Chief Executive and Leadership team to take action to mitigate risks if they have concerns that it is required before a full board meeting.

The Leadership Team is required to act within the boundaries and parameters set by the Board and within their delegated authority. They include responsibility for: updating the risk register; monitoring risks, key controls and assurance levels in their area of work; planning and implementing actions improve the overall level of assurance; and reporting to the Chief Executive and Board of Management/Trustees.

All Staff have responsibility to attend specific training on understanding how risk management operates within the association. Many staff will undertake activities which provide assurance that a key control is operating as part of their day to day work. It is therefore the responsibility of all staff to ensure they follow policy and procedure and implement improvement actions delegated to them. All staff are responsible identifying and mitigating risks and are required to risk assess situations as they arise and alert their line manager and colleagues of any concerns or issues that they encounter. On completion of appropriate information and training to manage risk they too will have personal responsibility for incidents or accidents if they then do not follow procedure or don't take advice of their line manager.

Accountability Matrix

Risk Area	Owner	Reviewer	Frequency
Strategic	Chief Executive	Board	Quarterly
Financial	Finance Director	Audit & Finance Committee	Quarterly
Governance	Resources Director	Audit & Finance Committee	Quarterly
Operations	Operations Director	Operations Committee	Quarterly
Property	Property Director	Operations Committee	Quarterly
Health & safety	Resources Director	Health & Safety Committee	Quarterly

Definition of Risk

Risk is the effect of uncertainty on achieving strategic objectives and events that could cause material damage to the organisation. There are seven key strategic risks that are reviewed at least quarterly at Board level:

- Failure to maintain Confidence and Trust for customers and staff in regard to all aspects of safety and security
- Failure to recruit, develop and retain the right people that are motivated, professional and dedicated to our values
- Failure to ensure BHA can evolve appropriately, efficiently and effectively
- Failure to ensure our governance arrangements are accountable, effective, ensure value for money and safeguard the association
- Failure to ensure BHA can adapt to external environmental challenges and changes
- Failure to identify and/or maximise opportunities for collaboration, sustainable development and growth
- Failure to manage our finances effectively to ensure the future direction of BHA and viability of services

The continued appropriateness of these seven key strategic risks will be monitored by the Board and, from time to time, they may be amended, or new strategic risks may be added. However, it is considered that the strategic risks identified above currently encapsulate, at a high level, the main risks to the Association and link appropriately to our strategic plans.

There are several operational risks which are regularly monitored and refreshed. These are separated into three strands to enable key Leadership Team members to monitor those risks

- Financial and Governance: monitored by Audit and Finance Committee
- Operational: monitored by the Operations Committee
- Health and Safety: monitored by the Health and Safety Committee

There can be several causes which can result in the overarching strategic or operational risk materialising, and several effects of that risk materialising, as demonstrated below:



These causes and effects are documented within the risk register, against the risk(s) to which they relate. For each cause and effect, the key control(s) that mitigates against the likelihood of the risk occurring and/or reduces the impact of the risk, will be identified. The assurances in place that demonstrate that the control is operational and effective will also be documented.

Assurance Framework

Assurance is the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements, and the production of credible information to support decision-making. Confidence diminishes when there are uncertainties around the integrity of information or of underlying processes. Our risk approach focusses on the assurance framework we have in place that demonstrates our key controls are operating effectively. Our risk register utilises the three lines of assurance model:

- The first line relates to internal managers or staff who undertaken the activity which forms the basis of the key control
- The second line is the internal function which oversees and reviews the first line
- The third line are external functions that provide independent assurance that the control is operating, such as internal or external audit

The overall assurance level that the documented lines of assurance provide is recorded at risk level, and assessed as follows:

- Strong –the Board can take reasonable assurance that the controls upon with the organisation relied to manage this risk are suitably designed, consistently applied and effective.
- High – the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However, issues have been identified that, if not addressed, increase the likelihood of the risk materialising.
- Medium – whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitable designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
- Low – the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitable designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

Risk Scoring

We score risk using the following matrix and the definitions set out in Appendix 1:

MAJOR	B (15)	B (19)	A (22)	A (24)	A (25)
SIGNIFICANT	D (10)	C (14)	B (18)	A (21)	A (23)
MODERATE	E (6)	D (9)	C (13)	B (17)	A (20)
MINOR	E (3)	E (5)	D (8)	C (12)	B (16)
NEGLIGIBLE	E (1)	E (2)	E (4)	D (7)	C (11)
	RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN

When scoring risks both the inherent risk score (the likelihood and impact of the risk should no controls be in place) and the residual risk score (the likelihood and impact of the risks taking into account the key controls and level of assurance)

are both recorded. A target risk score may also be documented should additional actions be planned to improve the assurance level and therefore reduce the residual risk.

Risk Register

The risk register is held on the Risks and Goals section of Decision Time and is a live document, regularly updated by the Leadership and Management Team. Strategic risks are formally reviewed quarterly by the Leadership Team in their Strategy meeting and operational risks are reviewed at least quarterly at Performance Briefings. It is visible to the Board and Committee Chairs at any time through Decision Time.

Every risk will identify a named risk owner who is responsible for managing that risk and ensuring we update that part of the register. For instance, Governance risks may be the responsibility of the Company Secretary and they will be held to account for actions and controls of that risk and keeping those risks up to date. Underneath the risk owner there may be several control owners; staff members who have responsibility for ensuring a key control is operating effectively through regular review of the lines of assurance, and implementation of planned actions to improve the assurance level.

Identification and Reporting of Risks

Risks can be identified at any level within the organisation and can be brought to the attention of senior staff through team meetings, emails, and regular communication with staff.

On at least a tri-annual basis staff and Board members will undertake training on risk to ensure they have considered all the key issues (outlined in the risk register) and that they are fully aware of how to report concerns or identify new risks to line managers. They will go through this policy and the risk registers and gain an understanding of the key controls and assurances in place to manage risk, and why they are important. They will be made aware of the dangers of not following policy and procedures and where they have personal responsibility.

The organisation has several mechanisms to consider risks when developing its business plan, developing new work or monitoring its present work. Board meetings and all internal meetings allow staff and Board members to identify areas of concern and for those to be drawn to the attention of the Leadership Team. The Health and Safety Committee also review all risks relating to health and safety and set up actions to improve practice on a regular basis.

The Board will monitor risk:

- Through every report tabled to them using the governance considerations section which explicitly identifies key risks and mitigating actions;

- In the Chief Executive's report at each meeting which will highlight any internal or external changes or incidents and events and how risk is being handled;
- They will receive the Strategic Risks at each meeting to review the strength of assurance in place and whether actions are being taken to strengthen the assurance level;
- They will receive and homologate minutes of the all committees to allow them to ensure any risks or issues identified have been addressed and actions taken; and
- They can and do ask for more detailed work on specific areas if they wish comfort that all risks have been explored.

Risk Appetite

Risk appetite is the amount and type of risk that the organisation is willing to take in order to meet our strategic objectives. Within the organisation a range of risk appetites exist linked to our different strategic risks. Risk appetite is not static and will change over time. We have five levels of risk appetite:

- Averse
- Minimalist
- Cautious
- Open
- Hungry

Risk Culture

The culture is one of encouraging the identification of all risks and for staff to be safe in raising areas of concern. Then to explore likelihood and impact and ensure appropriate mitigation is taken.

Risk Tolerance

Risk tolerance is the amount of risk the organisation can cope with. As a housing association undertaking development of new homes, we regularly take risks in taking on new ventures, fitting new equipment or letting to vulnerable people. We can tolerate a reasonable level of risk, but we will always assess whether we understand enough about the area of work before we commence work.

Risk Response

When new risks present themselves, we are open about them and seek to mitigate where we can and to be open and honest with our board and our regulators about those risks and seek their support to manage them as well as we are able.

Appendix 1: Scoring Definitions

Impact

Rating	Safety	Reputation	Media attitude	Scottish Housing Regulator	Legal Action	Staff	Criminal	Direct Loss	Regulatory / Industry Status	Service Quality
NEGLIGIBLE	No risk of injury. H&S compliant.	Tenants not impacted or aware of a problem	No adverse media or trade press reporting.	High compliance standards recognised.	Unsupported threat of legal action	Minimal effect on staff.	High control standards maintained and recognised.	Between 0-£1,000	No or little change to regulation in recent history/near future.	Negligible effect on service quality
MINOR	Small risk of minor injury. H&S policy not regularly reviewed.	Some Tenants aware of the problem, but impact on is minimal.	Negative general Housing Association article of which BHA is mentioned	Verbal comments received	Legal action with limited potential for decision against	Potential for additional workloads intruding into normal non-working time.	Attempted unsuccessful access to operational systems; minor operational information leaked or compromised.	Between £1,000 and £10,000	Limited recent or anticipated changes	Marginally impaired – slight adjustment to service delivery required
MODERATE	High risk of injury, possibly serious. H&S standards insufficient / poor training.	A number of Tenants are aware and impacted by problems.	Critical article in Press or TV. Public criticism from industry body.	Findings in written examination report. Potential SHR intervention	Probable settlement out of court	Increase in workloads. Intrusion into normal non-working time.	Logical or physical attack into operational systems.	Between £10,000 and £50,000	Modest changes recently or anticipated	Service quality impaired – changes in service delivery required to maintain quality
SIGNIFICANT	Serious risk of injury possibly leading to loss of life. H&S investigation resulting in investigation and loss of revenue.	Significant disruption and or Cost to Tenants / third parties.	Story in multiple media outlets and/or national TV main news over more than one day.	Multiple or repeat governance failings results in SHR intervention	Law suit against for major breach with limited opportunity for settlement out of court	Significant injuries, potential death. Major intrusion into staff's time.	Police investigation launched; operational data or control systems may be compromised.	Between £50,000 and £300,000	Potential intervention by lead regulator. Significant changes to industry	Significant reduction in service quality experienced
MAJOR	Potential to cause one or a number of fatalities. H&S breach causing serious fine, investigation, legal fees and possible stop notice.	Tenants / Third parties suffer major loss or cost.	Governmental or comparable political repercussions. Loss of confidence by public.	Action brought against BHA for significant governance failings Forced merger	Action brought against BHA for significant breach.	Deaths and/or major effect on staff lives.	Major successful fraud; prosecution brought against BHA and Exec for significant failure; Systems totally compromised.	Over £300,000	Major complex changes to industry Intervention on behalf of the Lead regulator	Complete Failure of Services



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Likelihood

Name	Description
RARE	This will probably never happen / recur . 10 years or less frequently
UNLIKELY	Do not expect it to happen / recur but it is possible it may do so. Once every 5 years
POSSIBLE	Might happen or recur occasionally. Once every 2 years
LIKELY	Will probably happen /recur but it is not a persisting issue, Annually
ALMOST CERTAIN	Will undoubtedly happen /recur, possibly frequently, At least annually



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