



Abronhill Housing Association Ltd

RISK MANAGEMENT POLICY

**AS WITH ALL OF THE ASSOCIATION'S POLICIES, THIS GUIDE, IN FULL AND IN PART,
IS AVAILABLE IN SUMMARY, ON TAPE, IN BRAILLE,
AND IN TRANSLATION INTO MOST OTHER LANGUAGES –**

**PLEASE ASK A MEMBER OF STAFF IF YOU WOULD LIKE
A VERSION IN A DIFFERENT FORMAT**

POLICY IMPLEMENTATION CHECKLIST	
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1. INTRODUCTION

The Association has a moral and statutory duty of care to its tenants, customers, employees and assets. We 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.

The Association manages its risks in line with the relevant regulatory standards for governance and financial management:-

Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

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.

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The purpose of this policy is to ensure that appropriate policies and procedures are in place to minimise risks faced by the Association. Potential risks are inherent in all aspects of the Association and are identified under the appropriate sections of this policy

The Association will apply a risk management cycle to identify, analyse, control and monitor the strategic and operational risks it faces. This policy document sets out how this will be done. The Association's senior staff and internal auditors will be responsible for ensuring that the cycle is applied and for checking actions are implemented.

We aim to treat risk management as an integral part of our work and will report on any significant risks in reports to Committee and in any policies we adopt. We will also examine risk when undertaking any new areas of work or expanding our current activities.

2. OTHER RELEVANT POLICIES & PRACTICES

Key policies and practices dealing with some major hazards and risk are detailed below:

Health & Safety Manual – external audit by ACS every 3 years

Disaster Recovery Plan – updated annually

Comprehensive Insurance of buildings & office – renewed annually

Independent Internal audit- annually

Business Plan -updated annually

Treasury Management Policy - annually

3. THE CATEGORIES OF RISK TO BE MANAGED

The Association will take steps to identify and manage strategic and operational hazards and the associated risks, as identified in the EVH Developing and Implementing an Effective Risk Management Strategy: A Guide for RSLs, under the following headings: -

Strategic: Political, Economic, social-demographic, technological, legislative and environmental. Latest Pestle analysis

4. WHEN RISK ASSESSMENTS WILL BE UNDERTAKEN

Risk management will build on the Association's existing management arrangements. Strategic risk assessments will take place as a part of the annual review of the internal management plan and prior to making any decisions about significant changes in strategic policy (e.g. relating to growth, diversification, and investment).

5. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Association are set out below: -

Management Committee

Has overall responsibility for the development, implementation, and review of the risk management strategy and to oversee the effective management of risk by managers of the Association.

Senior Management

To ensure that the risk management strategy is implemented on a day-to-day basis and that risk is managed effectively across the Association and to develop and maintain the strategic risk schedules for discussion at the Away Days/Strategy Days.

Employees

To manage risk effectively in their job and follow any Association's policies and procedures which have been developed to minimise the risk to the Association e.g. Health and Safety.

Support Services

Would include contractors and support providers such as finance consultant, Solicitors, IT support, technical support etc. to support the Association in the effective development, implementation and review of the risk management strategy.

Internal Auditors

To ensure that the risk management cycle is being rigorously applied and that risks are being effectively managed as a result.

6. RISK FINANCING

Risk financing is an important element of risk management. The Finance Consultant will liaise with operational staff to determine an appropriate balance between losses that are to be financed through external insurance cover, and losses to be met directly from our own resources (self insurance).

This will be considered by the Director and the Management Committee prior to final agreement. The approach selected will be influenced by:

- Association's limited capacity to meet the direct cost of exceptional and significant value risks
- The limited previous loss experience
- The commercial rates offered by the insurance market.
- Level of insurance excess

Due to the size and scale of the organisation the Association currently insures for significant losses.

7. ALLOCATING RESOURCES TO RISK MANAGEMENT

The Housing Association is fully committed to resourcing the effective management of risk. Resources will be required for three inter-related purposes:

- To raise awareness of risk management
- To pay for insurance and deal with any retained risks
- To implement risk control actions

The required resource contributions will be identified through the Association's operational planning and budgeting process, following completion of the strategic and operational risk assessment exercises. The required resources will be clearly set out in the Association's budget papers.

8. CYCLE FOR STRATEGY & SCHEDULES EVALUATION

The risk management action plan (attached) will be reviewed annually to assess progress against targets for:

- Reducing the frequency of damaging events occurring
- Reducing the severity of the consequences

9. Developing Strategic and Operational Risk Management Action Plans

An annual review of issues in the Association's operating environment likely to impact on the level of strategic risk faced by the organisation given in the PESTLE analysis in appendix 1, this will be updated annually.

To assist Committee and staff consider risk the PESTLE will be considered in the conjunction with an assessment of the organisations internal strengths and weaknesses and external opportunities and threats

Taking into account the PESTLE and SWOT analyses, strategic and operational risk assessments will be developed to seek to identify what hazards may be posed for the Association (i.e. something that may cause injury, damage or loss) and to ascertain the possible risks that these might

pose (i.e. the probability that they will occur and with what severity). Both risks and hazards are apportioned a frequency and severity weighting (from 1 to 3) and are multiplied, the out coming factor suggests the likely level of those risks damaging the Association.

Assessment of strategic risks is detailed in appendix 3 and draft risk management strategy in appendix 4. These assessments were based on the strategic risks associated with a business as usual strategy.

Each year at the Away Day the Committee will make judgements about the hazards and risks which need to be taken into account when deciding upon the long term goals and objectives of the Association.

11.0 Using the Risk Schedules

The risk schedules will be used to decide on and record the appropriate course of action to manage the risk.

11.1 Risk Control – take action to minimise the likelihood of the risk event occurring and/ or reducing the severity of the consequences should it occur. There are 3 options for controlling operational risk:

Option1 – Avoidance

Risk avoidance involves the RSL opting not to undertake a current or proposed activity because it has been identified as too risky e.g. in current economic climate set aside the Association's aspiration to develop new houses until grant levels financial position improves.

Option 2 – Reduction

Risk reduction is dependent on implementing projects or procedures that will minimise the likelihood of an event occurring or limit the consequences should it occur. These actions will fall into 2 categories:

Pre-loss reduction actions aimed at reducing the likelihood of a damaging event occurring (e.g. installing roller shutters on office windows and doors and CCTV to deter theft or arson to the office building.)

Post-loss reduction- actions aimed at reducing the consequences of the damaging event should it occur.

Option 3 – Transfer

Risk Transfer involves transferring liability for the consequences of an event to another body e.g. to external insurance provider for the cost of the cover and any excesses.

The cost/benefit considerations and professional judgements are taken on the whether to control the risk or accept and retain the risk.

11.2 Risk Monitoring

The Association will monitor and review:

The implementation of agreed control actions
The effectiveness of the action in controlling the risk
How the risk has changed over time

Risks identified as high 7 or above will be assessed on a more regular basis than lower rated risks. The overall aim of this policy is to integrate risk management into the day to day activities of all staff. Committee members will review the implementation of risk management at least annually.

APPENDIX 1 PESTLE

Political	Economic	Social	Technological	Legal	Economic
<p>BREXIT Scottish Government Elections 2016- volume of legislation impacts on housing- more mandatory tasks set by legislation e.g. SSHC, SPSO, NASSO Climate Emergency</p>	<p>BREXIT Credit Crunch – economic recession, pressure on builders, owners, tenants likely long term public spending cuts, upward pressure on taxation</p>	<p>BREXIT West of Scotland higher levels of limiting long term illness than rest of UK and is a major area of funding and project delivery- people living longer</p>	<p>BREXIT Building Regulations and Climate change Act Decarbonisation Climate Emergency</p>	<p>BREXIT New housing legislation due Climate Change legislation FOI legislation</p>	<p>Ability to fund public services severely affected by reductions in government funding</p>
<p>Post referendum impact of Smith commission and tension between UK and Scottish Gvt</p>	<p>Banking and financial markets hesitant to lend without recovering margins on previous loans</p>	<p>Increasing numbers of household formation & Demand for social housing remains high</p>	<p>Increased internet and mobile phone use</p>	<p>2014 Housing (Scotland) Act broader homeless duties – meeting challenge difficult as demand increases</p>	<p>View that there should be a balance between people meeting some of their own costs and state support- to help protect essential services for those who need it most</p>
<p>Conservative Government fiscal policy Key legislation impact on RSL is Welfare Reform Approach to Pensions- auto enrolment impact on costs</p>	<p>Pressure on pension schemes- high cost of maintaining or existing FS pension for employers- impact on strength of the Association's balance sheet</p>	<p>Population living longer more complex needs – possible more demand for adaptations</p>	<p>Need to be greener, more sustainable solutions- carbon emissions reductions targets</p>	<p>Changing role SHR RSL's not their role to support failing RSL's set industry standards for governance & Management to protect tenants and other customers interests</p>	<p>Focus on RSL operating efficiencies do more for less- pressure to find other ways of working – possibility of pressure on smaller landlords to merge with larger RSL's if unable to secure continuous improvement</p>
<p>Welfare Reforms- bedroom tax real cut in tenants benefits, UC and to receive rents direct – threat to revenue streams and increase costs of collecting rents- impact on solvency</p>	<p>Housing a vital part of the economy- stimulate economic growth via construction</p>	<p>Deprivation likely to grow, squeeze on budgets of those on lowest incomes Home ownership more difficult to achieve due to lending criteria</p>	<p>Housing Stock – impact of EESSH and EESSH2</p>	<p>New standards e.g. carbon emissions without funding to support the policy New Fire Safety Regulations</p>	<p>Importance of delivering well for tenants. Value for money agenda</p>

Political	Economic	Social	Technological	Legal	Economic
HAG subsidy increase but not to previous levels impacting on ability to develop	Uncertainty over inflation rate increase in the near future	Local incomes fall			Pressures on HA costs VFM
	Operating efficiencies				Significant increase in employer pension contributions.

APPENDIX 2: SWOT

<p>Strengths</p> <ol style="list-style-type: none"> 1. Small RSL, Community based with local Knowledge. 2. Good reputation. 3. Strong Management, Governance and Leadership and committee numbers. 4. Very Efficient, Experienced, Committed, Professional and Approachable staff team 5. Good Financial Position with low interest rate loans and Finances managed well to Ensure Viability. 6. Good performance and low risk with SHR. 7. High Tenant Satisfaction Survey results. 8. AFTAR project. 9. Staffing arrangement with Hillhead Housing Association. 10. Development Opportunity. 11. Good relationship with NLC. 	<p>Weaknesses</p> <ul style="list-style-type: none"> ■ Size (Takeover Threat). ■ Committee Numbers. ■ Control of Future. ■ Membership Numbers. ■ Impact of Welfare Reform and Universal Credit. ■ Opportunities to Participate for Tenants. ■ Mixed Tenure Stock. ■ Small staff numbers. ■ Higher rents than NLC ■ Apathy of tenants. ■ Condition of Shopping Centre. ■ Stock condition ■ Mixed Tenure Stock.
<p>Opportunities</p> <ul style="list-style-type: none"> ■ Improve services to ensure members value Association and demonstrate offer value for money ■ SHR new approach working towards demonstrating compliance ■ Build on success of tenants survey and publicise results of the survey regularly ■ Continue to develop customer focused culture ■ Partnership working – look for opportunities that have a positive impact on our tenants and community by working with other local community organisations ■ Offer Grants/ activities to stimulate tenant interest in the Association ■ Community involvement through projects ■ Employment and training opportunities for local people promoted by Association ■ Explore any opportunities to share service or diversify into related areas which support core business arise or result in cost savings without affecting quality of service ■ Partnership working with local communities and local authorities and others ■ Making best use of existing resources – continually checking and refining ■ More competitive procurement of repairs contracts due to economic downturn 	<p>Threats</p> <ol style="list-style-type: none"> 1. Takeover. 2. Welfare Reform. 3. Losing Independence. 4. SHR. 5. Losing Key People (Staff and Committee). 6. Losing Control. 7. Viability: Committee numbers. 8. Lenders Views. 9. Loss of Relationships. 10. Compliance with new SHR guidance. 11. Reputation.

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| | <ul style="list-style-type: none">12. Failure for EESSH.13. Rent Affordability.14. Demand issues from Growth area new build and condition of housing stock.15. Brexit.16. Inflation.17. Profile of Committee. |
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APPENDIX 3 - STRATEGIC RISK ASSESSMENT

Category	Hazard	Risk	Likely Freq	Severity	Score	Control Action	Review Freq
Political	Welfare Reform Act 2012 - Benefits reforms, Bedroom Tax from April 2013, Universal Credit phased in from October 2013- ending direct payments of HB to HHC, Benefit Caps , PIP, regulations being drafted and tested at present	The financial position deteriorates rent arrears increase significantly, tenants' incomes decrease – costs of staff time to collect rents, increased need for advice and support to tenants. Financial viability threatened and Tenants lives become more difficult	3	3	9	Develop strategy to protect Association's revenue and assist tenants deal with Welfare Reform GWSF Campaigns AFTAR service Partnership working to try to attract grants for advice services for tenants	Update Strategy Regularly and progress reports on impact to committee
Political	Brexit Changes in government policy to drive down HAG rates and increase % private finance required developing new homes – development of new homes not viable at this time?	If develop then investment in existing homes undermined and overall financial viability of Association undermined Less social housing = higher demand	3	3	9	Committee decision to focus resources in existing stock and not to develop new homes	Annual Review to check if grant levels improved
Political	Impact of raising standards for carbon emissions EESH , or cuts in govt spending removal of grants e.g. medical adaptations	Financial position is affected as externally imposed standards rise may have impact of driving up cost/ rents. May benefit customers if houses more fuel efficient as lower running costs	3	2	6	Build relationships all political parties Staff relevant training	Annual
Economic	Economic recession pressure on builders costs, increased cost of borrowing and running businesses and job insecurity	Low interest rates- good for costs	3	2	6	Manage rent increases effectively	Annual
Economic	Pressure on pensions schemes making losses due to poor financial investments performance in the market	The financial position is affected as employer's contributions increase and revaluation due in xxxxx	3	2	6	Move of all staff to DC scheme though past deficit remains payable	xxxx
Economic	RSL take over	Loss of local control and jobs. Don't know customers or what is important to them.	2	3	6	New continuous monitoring of customer views	Quarterly

Category	Hazard	Risk	Likely Freq	Severity	Score	Control Action	Review Freq
Social	Anti-Social Behaviour, increase in complaints and vandalism increase	Repair costs escalate and properties become difficult to let and rent lost. Comply with ombudsman new guidance	1	3	3	ASB controlled	Annual
Social	The size of the management committee decreases due to aging and lack of new 'younger' recruits. Committee members lose interest and don't attend meetings regularly	Committee business is disrupted by being inquorate and / or committee numbers fall below minimum numbers	3	2	6	Regularly review how many meetings and format. Compliance with SHR standards. Succession Planning for Committee	Annual
Social	The knowledge and skills base of committee members fails to develop sufficiently or keep abreast of developments and changes and meet SHR expectations	Committee members have insufficient knowledge or understanding to maintain effective control of Association's business	2	3	6	Follow through with training plans.	Annually
Social	West of Scotland higher levels of long term illness than rest of UK. Population living longer more complex needs – possible more demand for adaptations or housing support	Possible changes to government funding for adaptations – may pass costs to landlords	2	2	4	Review Allocations policy to maximise effective use of voids with adaptations.	Annually
Technological	Technological advances become increasingly expensive and beyond the means of the Association. Increased use of mobile phones internet and social networking sites.	Service levels to tenants fall and staff are restricted in their ability to work effectively.	2	2	4	Develop IT strategy to guide renewals & replacements Use social media site to promote work of the Association & encourage tenant feedback	Annually
Technological	Cyber resilience for the Office IT systems and website	IT systems are hacked and/or subject to data breach	3	3	9	Adopt Cyber Essentials accreditation	Annually
Legislative	Legislative changes e.g. changes to NOP's	For example Voids standards – NOP's impact on arrears procedure, Housing Options advice	3	3	9	Develop proportionate response to housing options advice	Annually
Legislative	New laws such as Equalities Act and Human Rights legislation	Challenges over employment or other practices	2	2	4	Membership of Evh for guidance & Advice. Customer survey's on-going	Annually
Environmental	Increased frequency of storms, rain and extreme cold weather and snow	Increased direct costs through repairs Need to re- house tenants temporarily	2	2	4	Disaster recovery plan	Annually

Competitive	Drop in demand for flatted accommodation	Business failure due to inability to re-let or bring in rents	3	3	9	Carry out appropriate investment to voids	Annually
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Appendix 4 Risk Strategy - Where the risk assessment has identified a risk score of 7 to 9 the under-noted strategies will be adopted to reduce or control the risk or the effects should it come to pass.

Category	Risk	Strategy
Political	Welfare benefit reforms continue including benefit caps, freeze on annual uplifts, bedroom tax and pressure on discretionary housing payments. UC migration planned for August 2021. UC waiting periods and delays to Landlord payments. The financial position of the Association will deteriorate as arrears rise and more staff resource needed energy to deal this area of work.	Develop a clear strategy which aims to deal with the impact of welfare reform on the Association and our customers. Seek continuation funding with partners for AFTAR project.
Political	New Regulatory Regime with focus on self assessment, financial management, governance renewals and specialist knowledge on committee may put existing committee members off as moving away from community regeneration and control need to comply with SHC standards	MC to review meeting arrangements annually to ensure they suit majority and maximise attendance. Committee make time to attend training. Section by section response to the SHR requirements. Adopted training and development policy and code of conduct. Agree and submit an Annual Assurance statement to SHR
Political	Green issues such as carbon emissions and energy efficiency. Declaration of Climate Emergency by Scot Gov	Adopt a strategy to accommodate the requirements of the EESSH
Economic	Efficiencies debate do more for less- pressure to find other ways of working- pressure for mergers and controlling costs VFM	Committee review medium and long term financial needs of organisation at least annually. Implement rent setting policy which considers service levels as well as affordability.
Economic	Pressure on pensions scheme making losses due to poor performance of economy - pressure on overall staffing costs with auto enrolment for all employees and question affordability of DB scheme in longer term for Association and staff	Staff now members of SHAPS DC scheme. Ongoing payments towards past service deficit until 2022
Social	The size of the management committee decreases and the Association's business is affected / disrupted due to poor attendance at meetings or failure to meet regulatory standards on governance	Continue to promote membership of the management committee. Approach any member expressing an interest. Where possible target underrepresented groups. Review governance arrangements -Carry out governance self-assessment with Committee against new housing regulators standards
Social	The knowledge and skills base of committee members and staff fails to develop sufficiently or keep abreast of developments and changes- Committee loses interest/ vitality.	Interesting ways of delivering committee training/briefings out with attendance at Conference. Share training with other RSLs
Social	Service is not valued by tenants leading to tenant dissatisfaction with Association and lack of demand for flatted accommodation	Gain understanding and act on tenant's priorities and needs through continuous monitoring of levels of tenant satisfaction with 3 year Tenant Surveys

Technological	Data Breach and/or Cyber attack	Systems review and upgrade of hardware and software to ensure maximum levels of security are achieved and maintained.
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