

Risk Management Policy

Reviewed: Nov 22
Next Review: Nov 24



1. Introduction and Purpose

1.1 Rosehill's vision is to provide excellent quality, affordable and efficient homes in neighbourhoods that are well managed and maintained; to contribute to sustaining communities where people feel safe and want to live by providing housing and other services and working with its voluntary and statutory partners.

1.2 The key to realising our Vision is through the delivery of our seven Strategic Objectives:

- Providing high quality and affordable homes
- Engaging effectively with tenants and service users
- Delivering Value for Money
- Being innovative and risk aware
- Building and contributing to effective partnerships
- Using our resources efficiently and effectively
- Achieving the highest standards in all that we do

1.3 The delivery of our Vision and Strategic Objectives is underpinned by our Core Values:

We Will

- Invest and Support

We will be

- Engaged and Responsive
- Accountable and Compliant
- Fair and Approachable
- Efficient and Responsible
- Excellent and Committed

1.4 We recognise that risk is part of the operation of any business and as such risk management is a fundamental business function.

1.5 The purpose of this Policy is, therefore, to set out our approach to risk management, which is undertaken within a framework comprising:

- Governance processes
- Risk Policy and Appetite statement.
- Identification, evaluation and management of risks
- Assurance and audit processes

2. Regulatory Standards

- 2.1 All RSLs must comply with The Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management. Regulatory Standard 4 states that "The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."
- 2.2 The associated guidance for this Standard further states "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."
- 2.3 Rosehill recognises the critical importance of risk management, as a Regulatory requirement and as a management tool. Effective risk management can bring the following benefits:
 - Enabling Rosehill to achieve its objectives, plans and targets efficiently and effectively;
 - Protecting tenants' homes and interests;
 - Maintaining the confidence of regulators, funders and other stakeholders;
 - Safeguarding Rosehill's reputation and assets, and minimising any losses.

3. Defining Risk, Risk Management and Risk Appetite

- 3.1 Rosehill defines risk as "Any event or action that prevents it from maintaining good performance and/or from meeting pre-set targets, goals and plans and/or results in loss being incurred."
- 3.2 Risk Management is defined as "the systematic application of management policies, practices and procedures to the task of identifying, analysing, evaluating, treating, monitoring and reporting risks"
- 3.3 Risk Appetite is defined as "the amount of risk an organisation is willing to accept in pursuit of strategic objectives".

4. Risk Appetite Statement

- 4.1 At the centre of Rosehill's business, is its tenants and as such Rosehill conducts its business with the best interests of tenants in mind. In addition as an RSL, Rosehill is heavily regulated. It must comply with Regulatory and Legislative requirements, and must ensure it is compliant with its Rules.
- 4.2 These factors combined mean, generally, that Rosehill does not have an appetite for high risks. Its approach is to minimise risks where possible.

That said, Rosehill does not see itself as being completely risk averse; it does not want to unduly restrict its ability to be a forward thinking and innovative organisation.

- 4.3 The above basis means Rosehill will not adopt a blanket approach to risk management. It will assess the level of risk associated with its activities, potential projects, initiatives, etc. on a case by case basis and in the context of to what extent these will achieve and deliver its Strategic Objectives. Therefore, its risk appetite may vary from activity to activity.
- 4.4 To assist with determining our risk appetite we have developed a model to establish the level of risk we are willing to tolerate by risk categories. We classify our appetite level as low, medium and high. Our Risk Appetite Model is attached at Appendix 1. Any risks that are above the risk appetite level will be reported to the Audit and Risk Sub-Committee at its quarterly meetings.

5. Risk Context

- 5.1 Rosehill faces risks in all aspects of its business which can be internal, external, within the local and wider environment, they can be the result of activity/non-activity and change.
- 5.2 The Social Rented Sector continues to operate in an ever challenging environment. As part of our annual business planning processes we review our SWOT and PEST analysis to ensure current and emerging challenges are identified and considered in terms of the risk exposure to Rosehill. We recognise that the types of risk and degrees of risk to Rosehill will vary depending on the challenges facing it and this in turn will influence our response to risk which may involve the need for innovation and strategic change.

6. Risk Culture

- 6.1 Risks exist at all levels of Rosehill's business; strategic, team, individual and project level. In this context Rosehill fosters a culture of risk awareness and risk management throughout the organisation and encourages ownership at a collective and individual level, appropriate to staff's levels of responsibilities.
- 6.2 To support this a risk management structure is in place to ensure this is carried out effectively and is set out in detail in Section 7 below.
- 6.3 Rosehill will seek to ensure that risk management is embedded in its work in a range of ways. For example:
 - The impact that different risk factors may have on Rosehill's ability to

achieve its overall strategic objectives will be an integral part of the annual review of the Business Plan;

- Rosehill's organisational culture and working procedures and practices will promote a strong awareness of risk, and effective methods for managing and mitigating risk.
- Where matters are presented for committee decision, reports will provide information about any risks identified, whether they should be accepted, invite comment by Committee and state how they should be managed.

7. Approach to Risk Management

7.1 Rosehill considers risk under particular categories which fall under two overarching areas:

- Strategic – relates to the strategic objectives and the issues that can impact on their successful delivery and achievement e.g. legislative and regulatory changes and government policy.
- Operational – relates to the day-to-day issues that arise within our business teams and their work to support the delivery of our strategic objectives.

7.2 Categories of Risk

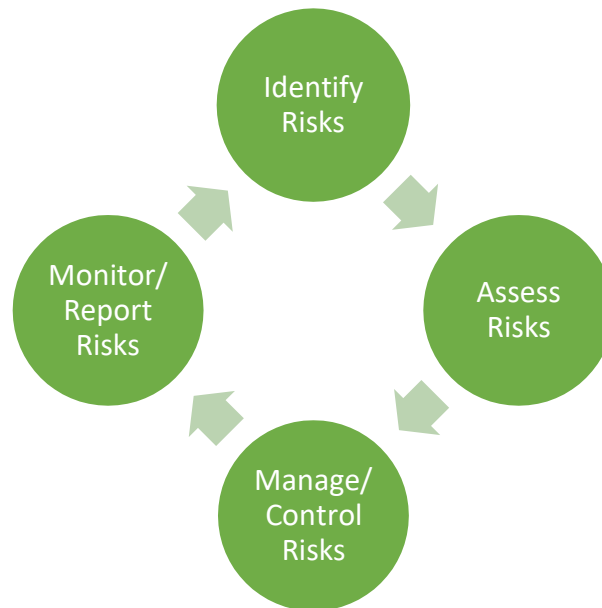
7.2.1 To ensure our approach to Risk Management is clear and supports our objective to foster a culture of risk awareness and risk management throughout the organisation, we consider risks in the following context:

- Financial
- Governance
- Legislative and Regulatory
- Strategy
- Technology
- Data/Information Management
- Health & Safety
- Reputation
- People
- Property/Stock Condition
- Operations
- Performance Management
- Supply Chain
- Customer

7.2.2 These risk categories are considered at strategic and operational levels.

7.3 Risk Management Cycle

7.3.1 Rosehill applies a risk management cycle of identification, assessment, management/control and monitoring/reporting.



7.4 Risk Mapping/Scoring

7.4.1 Rosehill uses a scoring system to highlight the significance of different risks occurring at any particular point in time. Overall risk scores are calculated by multiplying ratings for impact and likelihood on a scale of 1 to 5. The higher the overall risk rating, the greater Rosehill's potential risk exposure. The following Risk Map sets out how risk scores are calculated:

Risk Scoring Mechanism			Risk Score				
Likelihood	5	Almost Certain	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Very unlikely	1	2	3	4	5
Impact			1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Extreme

7.4.2 This method of assessing risk is designed to help the Management Committee, Audit and Risk Sub-Committee and Management Team to focus clearly on the strategic risks to Rosehill and its ability to achieve its strategic objectives and targets.

7.5 Risk Registers

7.5.1 Rosehill will identify the strategic risks to which it is potentially exposed. The results of this exercise will be recorded in the Strategic Risk Register. Rosehill identifies and considers strategic risks as part of its annual business planning process. This involves the Management Committee and the Management Team. Each of these groups identify risks associated with Rosehill's existing and planned activities and formally records these; risks are rated (as set out in Section 7.4) and held on our Strategic Risk Register in order of significance. Rosehill also considers risks on an ongoing basis and updates the register accordingly.

7.5.2 The Strategic Risks are monitored by the Audit and Risk Sub-Committee on a quarterly basis. This ensures the Sub-Committee focuses on the most significant risks facing Rosehill with the Management Committee receiving reports and minutes as appropriate.

7.5.3 The Management Team is also responsible for identifying, monitoring and reviewing any risks of an operational nature and to assist with this maintains an Operational Risk Register. The operational risks are monitored by the Management Team on a two monthly basis. Any operational risks that are above the risk appetite will be reported to the Audit and Risk Sub-Committee. The Management Committee will receive reports and minutes

as required.

7.5.4 Both the Strategic and Operational Risk Registers contain an Impact Analysis. The Impact Analysis is used to ensure that controls in place are adequate for the impacts identified should a risk crystallise.

7.6 Responding to Risk

7.6.1 Once risks have been identified and scored for both Impact and Likelihood, a risk management response needs to be planned.

7.6.2 The type of response will be determined by:

- the level of risk,
- the ease and cost of mitigation strategies, and
- the nature of the risk.

7.6.3 Rosehill will respond to risk in one of the following ways:

- **Transfer the risk:** this might be done through such things as conventional insurance or by asking a third party to take on the risk in another way.
- **Tolerate the risk:** our ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In addition this risk response is likely to be applied where the likelihood or impact is low. In such circumstances the management action required is to monitor the risk to ensure that its likelihood or impact does not change.
- **Treat the risk:** by far the greater number of risks will be in this category. The purpose of treatment is not necessarily to terminate the risk but, more likely, to set in train a planned series of mitigation actions to contain the risk to an acceptable level.
- **Terminate the risk:** this is a variation of the 'treat' approach, and involves quick and decisive action to eliminate a risk altogether. This response would be applied where it is determined the risk is too high.

7.7 Responsibilities for Risk Management

7.7.1 As mentioned earlier risk exists throughout all levels of Rosehill business and as such input is required across the organisation at varying levels of involvement. However, to ensure the effective implementation of risk management and that all involved have a clear understanding of what is required, we have set out the key roles and responsibilities as follows:

Management Committee

7.7.2 The Management Committee will be involved in identifying and assessing strategic risks firstly as part of the annual business planning process and thereafter throughout the year as it considers reports presented to it. The Management Committee also has overall responsibility for overseeing and monitoring Rosehill's approach to risk management but has delegated this, in the first instance, to the Audit & Risk Sub-committee which will consider risk on a quarterly basis. The Management Committee is responsible for approving changes to Rosehill's policy, and for approving involvement in new activities and initiatives, taking full account of the risks involved.

Audit and Risk Sub-Committee

7.7.3 The Sub-Committee is responsible for monitoring strategic risks on a quarterly basis. In addition it will consider any operational risks that are above the risk appetite. The Sub-Committee reports to the Management Committee on any changes to the Strategic Risk Register. The Audit and Risk Sub-Committee is also responsible for overseeing external and internal audit activity including approving the Annual Internal Audit Programme.

Staffing and Health and Safety Sub Committee

7.7.4 The Sub-Committee is responsible for ensuring that effective risk management is practised in relation to health and safety matters.

Management Team

7.7.5 Rosehill's Director has overall responsibility for ensuring that this policy is implemented effectively. The Management Team, in conjunction, with the Management Committee will be involved in identifying and assessing strategic risks as part of the annual business planning process.

7.7.6 Ongoing, the Management Team are responsible for monitoring the Strategic and Operational Risk Registers every 2 months with any significant changes being reported at the next available Audit and Risk Sub-Committee meeting.

7.7.7 The Management Team is also responsible for ensuring identified risks associated with any proposed new projects, initiatives, activities are presented to the Management Committee in a timely fashion.

Managers and Staff Team

7.7.8 Managers are responsible for ensuring effective risk management in their business areas, as described in the Risk Register and in Rosehill's policies and procedures. Managers are also responsible for holding monthly discussions with members of their own teams to consider and review day-to-day operational issues they have to deal with and their work to support the delivery of Rosehill's Strategic Objectives.

7.7.9 All staff have an important contribution to make to risk management and participating fully in monthly team reviews will assist with this. Staff's contribution can also be achieved by following Rosehill's policies and procedures and by acting to safeguard Rosehill's reputation and assets at all times.

7.8 Annual Risk Strategy Statement

7.8.1 This is prepared as part of the annual review of the Business Plan and includes:

- Identification of key strategic risks during the Business Plan review period, and summary of risk management methods;
- Reporting of strategic risks which crystallised during the previous 12 months, and their impact;
- Reporting of proposals for changing risk management methods, in response to strategic risks which crystallised.

7.9 Communication and Implementation

7.9.1 This relates to the:

- Communication of Rosehill's Business Plan priorities/action plans and Risk Register to The Management Committee and Rosehill's full staff team;
- Production of Annual Section Operational Plans and individual Staff Work Plans that flow from Rosehill's Strategic Objectives and identified annual Activities/Priorities;
- Implementation of policies, procedures and other risk management methods described in the Risk Registers;
- Publication of a suite of Corporate Statements e.g. Risk Management for inclusion in all policies;

- Continuous monitoring of performance (and associated risks);
- Reporting of performance (and associated risks) to the Management Committee and Sub-Committees

7.10 Risk Assurance

7.10.1 A fundamental part of effective risk management is having mechanisms in place to obtain assurance. This is typically achieved through the use of Internal Audit, Health & Safety Audits and satisfaction surveys.

8. Links to other Policies

8.1 This Policy sets out Rosehill's approach to risk management. In keeping with our aim of embedding risk management throughout the organisation, risk management issues are an integral part of Rosehill's policies and procedures for specific services and activities.

9. Equality and Diversity

9.1 We will ensure that we meet the Equality Act 2010 by being committed to equal and fair treatment for all and opposed to any form of unlawful discrimination. In implementing this Policy, we will provide a fair and equal service to all people. No-one will be treated differently or less favourably than others because of any of the protected characteristics as listed in the Equality Act 2010:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation.

9.2 We are committed to removing any barriers to communication. Therefore, if required, this Policy can be produced in another format e.g. Braille, large print, etc or another language.

10. Complaints Procedure

10.1 We aim to get things right first time and provide a good quality service to our tenants. However, we acknowledge that things can go wrong and that some tenants may be unhappy with the service provided.

10.2 We promote our Complaints procedure through our website and periodic articles in our newsletters.

11. Data Protection

11.1 On the 25th May 2018 the legislation governing data protection changed with the introduction of the General Data Protection Regulation (GDPR). Following the UK's exit from the EU, and the end of the transition period which followed, the GDPR formed part of the retained EU law and became the UK GDPR which together with the Data Protection Act 2018 constitute the UK's data protection legislation.

12. Policy Review

12.1 This Policy will be reviewed every three years or sooner to ensure it continues to reflect current thinking and practice and to comply with legislative requirements and regulatory guidance.

Appendix 1

Risk Appetite Model

The level of risk appetite is calculated using our risk matrix as follows:

Risk Appetite	Risk ratings
Low appetite	1 - 4
Medium appetite	4 - 12
High appetite	15

Risk Category	Appetite/Tolerance Level	Description
Financial	Low	Only prepared to accept the possibility of very limited financial impact if essential to delivery.
Governance	Low	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.
Legislative/Regulatory	Low	Want to be very sure we would win any challenge
Strategy	Medium	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy

		is refreshed at 4–5-year intervals
Technology	Medium	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.
Data/Information Management	Low	Lock down data & information. Access tightly controlled, high levels of monitoring.
Health & Safety	Low	We will fully comply with our duties in line with H&S Legislation. We will only undertake activities that are considered safe.
Reputation	Medium	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.
People	Medium	We will devise safe and standard people policies. Decision making authority will generally be held by senior management.
Property or stock condition	Low	Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.
Operations	Medium	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.
Performance Management	Medium	If necessary, we will take decisions relating to

		performance where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place.
Supply Chain	High	We are open to undertaking activities that have a high degree of value for money, the likelihood of success being a determining factor.
Customer	Medium	We will accept some risk to customer experience if they are consistent with the achievement of quality improvements