RISK MANAGEMENT
POLICY

Date of Review: 18.11.24

Date of Approval: 25.11.24

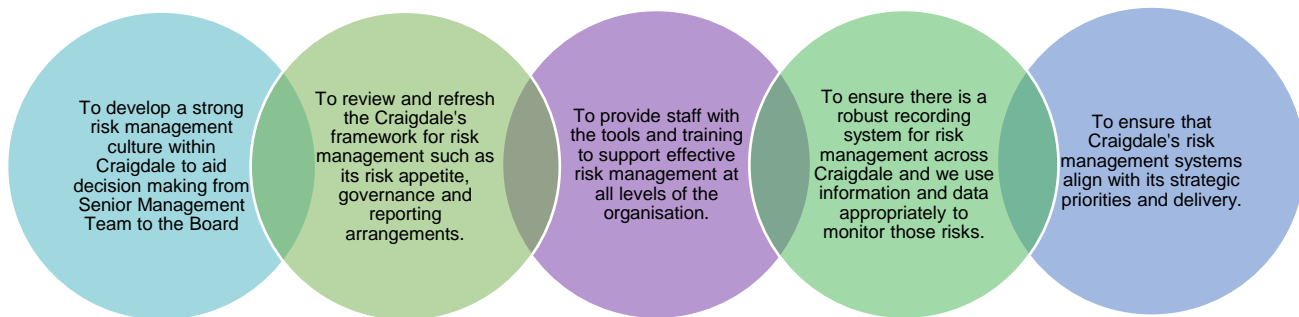**Date of Next Review:** November 2027

Craigdale Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

1.0 Introduction and Objectives

This risk management policy forms part of Craigdale's internal control and corporate governance arrangements, covering all aspects of the organisations risk management approach.

This document explains Craigdale's underlying approach to risk management, documents the roles and responsibilities of the Chief Executive, Senior Management Team, Staff and Board. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

In addition, it describes the process Audit & Assurance Committee, Operational Services Committee and the Board will use to evaluate the effectiveness of Craigdale's internal control procedures.

To develop a strong risk management culture within Craigdale to aid decision making from Senior Management Team to the Board

To review and refresh the Craigdale's framework for risk management such as its risk appetite, governance and reporting arrangements.

To provide staff with the tools and training to support effective risk management at all levels of the organisation.

To ensure there is a robust recording system for risk management across Craigdale and we use information and data appropriately to monitor those risks.

To ensure that Craigdale's risk management systems align with its strategic priorities and delivery.

In order for Craigdale to be successful it is important that risk has a suitably high profile, and everyone recognises the part they play in helping to manage risk. Risk should not be an 'add on' to your role or something that someone else does. Risk is all around us and part of our day-to-day life and therefore it is important that each and every one of us can recognise a risk and has the ability to raise concerns appropriately.

Risk Management is beneficial to Craigdale as it:

- helps us to be more flexible and responsive to new internal / external demands.
- provides assurance to Senior Management Team, Audit & Assurance Committee, Operational Services Committee and the Board
- reduces incidents and other control failures; and
- helps in the achievement of Craigdale's key strategic objectives.

Managing risks across Craigdale reduces the chance of us having to deal with the unexpected and ensures proactive management rather than reactive crisis management. As a Housing Association it is especially important to manage risk to ensure the best possible use of resources.

This document highlights Craigdale's framework for managing risk and sets out the process through which risks will be identified, assessed, controlled, monitored and reviewed.

2.0 Scope

This policy and any associated procedures, guidance, templates, training and instruction, apply to all Craigdale's Board, Senior Management Team, Management and Staff employed by Craigdale, and people representing Craigdale such as contractors and consultants.

All foreseeable strategic and operational risks will be identified, evaluated, documented, monitored, and treated in keeping with this policy.

This policy does not support person-specific or asset-specific risk assessments and is instead designed to support safe and effective operational service delivery from the Board to staff teams, and all those departments in between within Craigdale.

3.0 Policy

Risk statement

Risk Management is an integral part of Craigdale's quality, governance and performance management processes and seeks to increase the probability of success and reduce the likelihood of failure.

All staff have a role in considering risk and helping to ensure it does not prevent the delivery of a high-quality learning experience.
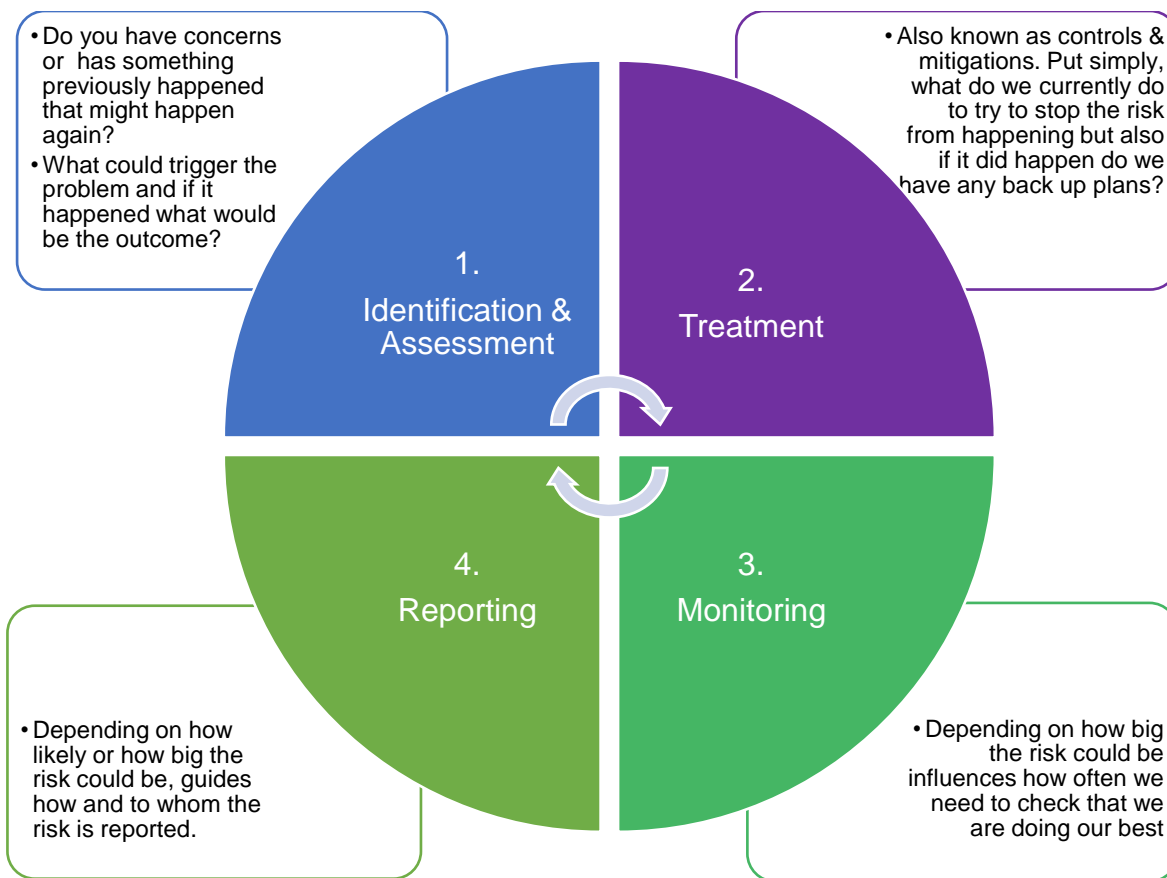
Craigdale seeks to encourage a culture in which risk assessment and management of risks are an integral part of decision-making, and where necessary, resources are proportionately directed to manage risks to the safety of clients, staff and visitors, the quality of care and assets of Craigdale.

Sound risk management will be employed to maintain regulatory and legislative compliance, assist in the continuous improvement of the quality of care delivered to clients and improve Craigdale's processes and procedures.

To do this Craigdale has set out the following policy that all staff are able to;

1. Identify & assess risk
2. Identify and implement suitable risk treatment (controls) to help reduce the likelihood of risks happening or the impact they cause
3. Monitor how well the risk is being managed and any improvements needed
4. Report risk using the relevant reporting system and escalation process

The diagram below outlines what the risk management approach looks like in practice:

- Do you have concerns or has something previously happened that might happen again?
- What could trigger the problem and if it happened what would be the outcome?

1. Identification & Assessment

- Also known as controls & mitigations. Put simply, what do we currently do to try to stop the risk from happening but also if it did happen do we have any back up plans?

2. Treatment

- Depending on how likely or how big the risk could be, guides how and to whom the risk is reported.

4. Reporting

3. Monitoring

- Depending on how big the risk could be influences how often we need to check that we are doing our best
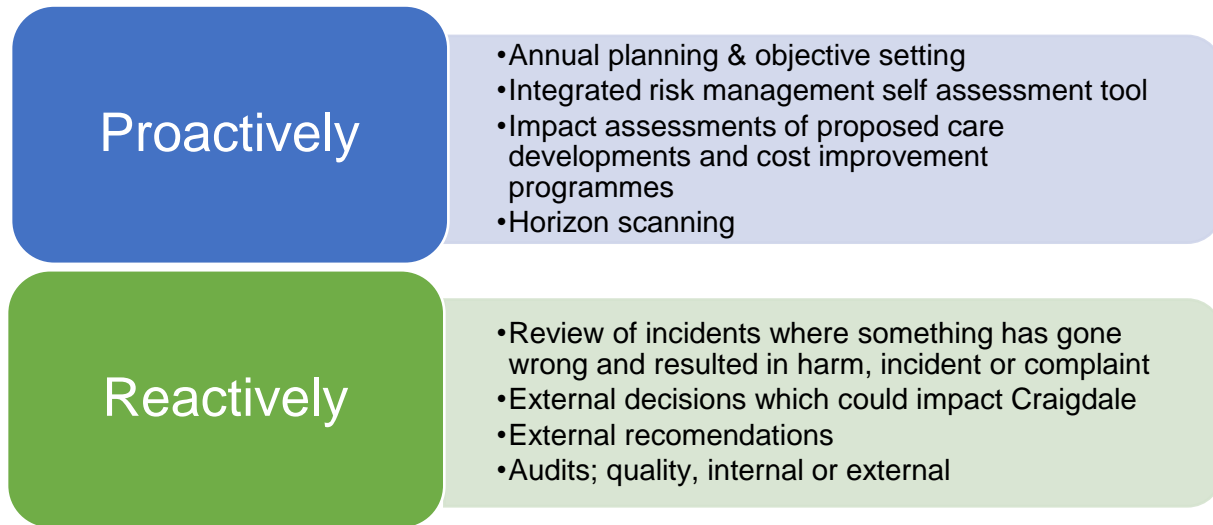
How we identify a risk

There are two ways in which we can identify risk. Either by looking ahead and thinking what might happen (proactively), or by learning from experience or others (reactively).

Approach- What does this mean to me?
If you are a staff member, an existing risk owner, have inherited risks from changing roles or think there is something that should be on the risk register then you must familiarise yourself with this policy and the overall approach. The policy has "what does this mean to me" boxes like this throughout the document to summarise what you need to know and do.

The diagram below gives some examples of how we might identify a risk,

Proactively	• Annual planning & objective setting • Integrated risk management self assessment tool • Impact assessments of proposed care developments and cost improvement programmes • Horizon scanning
Reactively	• Review of incidents where something has gone wrong and resulted in harm, incident or complaint • External decisions which could impact Craigdale • External recomendations • Audits; quality, internal or external

Risk Assessment

Once we have identified a risk we must assess how significant it is and how likely we think it is to happen. To do this we must consider why the risk would happen as this is what influences the likelihood. Then we must consider the effect the risk would have which will tell us how big the potential impact could be.

Risk What could go wrong	Cause Why would this occur	Effect what could happen if this risk occurs
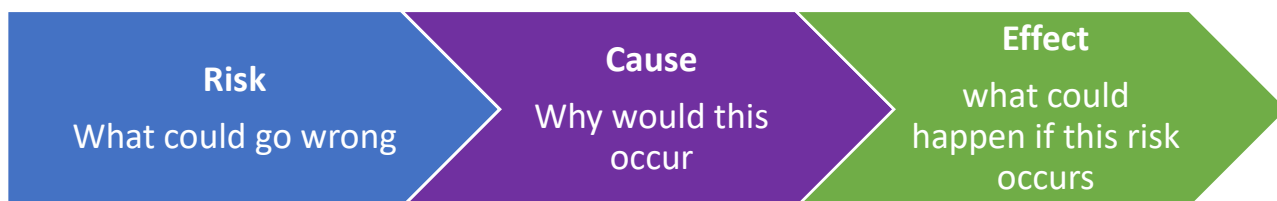
Risk Assessment generally begins with understanding the objective (what Craigdale is trying to maintain or achieve) and then an identification of hazards that may prohibit or delay achieving that objective. The cause and impact of these hazards coming into effect are what is being assessed.

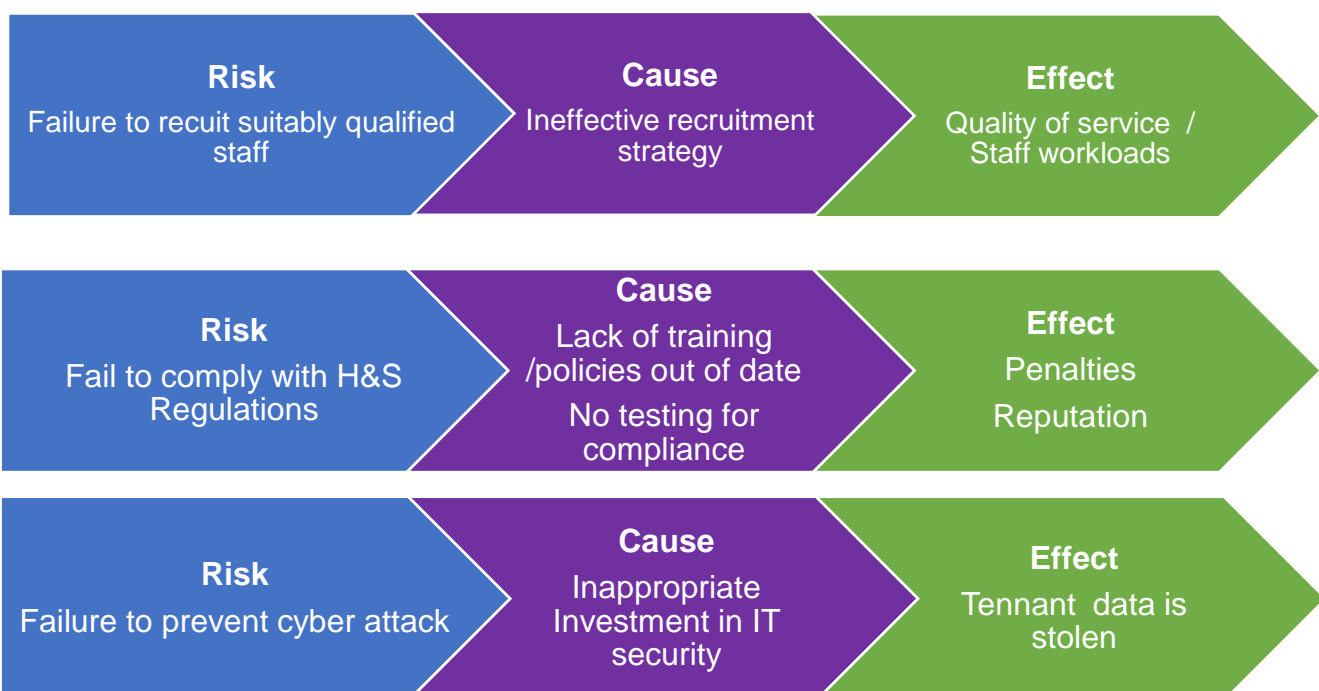The difference between hazard, risk and an issue is explained below

Hazard	Risk	Issue
A hazard is an object or a situation with the potential for harm in terms of human injury or ill-health, damage to property, damage to our reputation, cyber attack, harm to the environment, or a combination of these	A risk is the chance (likelihood) that the hazard could have a negative impact (effect) This is why we score our risks Likelihood by Impact to give a risk score	An issue is a problem that exists today. E.g. the hazard is causing the harm so it is no longer a risk. (no likelihood as it is certain) The issue should be managed and closed via other routes.

How risk is recorded

Once we have identified a risk, owners must record it so that Craigdale can continue to monitor and ensure we are managing the risk. A risk owner is the accountable person best placed to manage the risk, as risks escalate, they may change ownership to reflect seniority and responsibility.

All our risks must be recorded on the risk register .

As explained earlier risks are to be described using cause and effect to support the risk description so that at a glance Craigdale can understand what could cause the risk and how Craigdale could be impacted if it was to happen. Simplified examples are;

Risk Failure to recuit suitably qualified staff	**Cause** Ineffective recruitment strategy	**Effect** Quality of service / Staff workloads
Risk Fail to comply with H&S Regulations	**Cause** Lack of training /policies out of date No testing for compliance	**Effect** Penalties Reputation
Risk Failure to prevent cyber attack	**Cause** Inappropriate Investment in IT security	**Effect** Tennant data is stolen

How risk is evaluated

Craigdale uses a 5 by 5 risk grading matrix which helps assess, using scores of 1-5, the likelihood and impact (see below) of each risk. Each risk must be given an Initial (before controls) grade based on there being nothing in place to help manage the risk. The risk owner must then rate the risk with its Current (after controls) grade i.e., where we believe it sits today based on what we are doing to prevent the risk from happening and also what we have in place to reduce the impact should the risk occur.

Finally, the risk must also be given a Target score to demonstrate where we would like the risk to be once all controls are in place and actions are complete.

The current score effects how the risk will be reported through Craigdale.

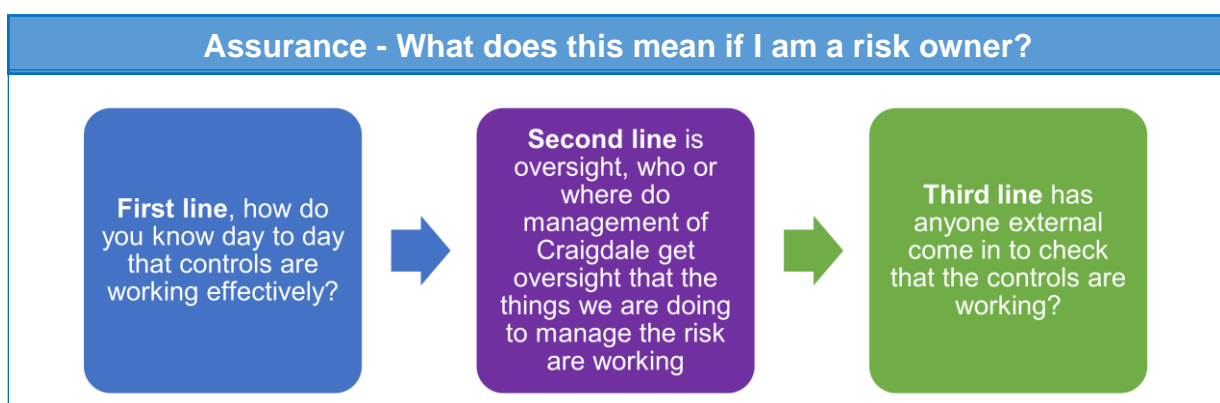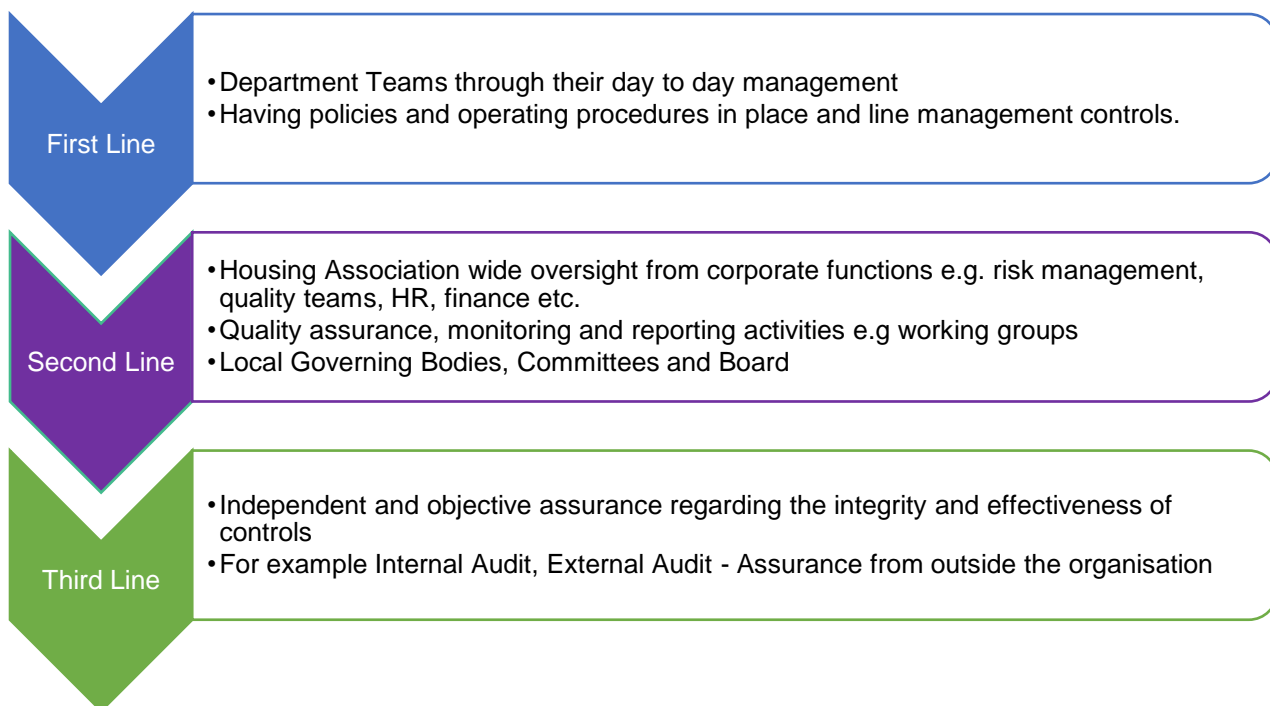|		RISK LIKELIHOOD				
	MAJOR	5	10	15	20	25
	SIGNIFICANT	4	8	12	16	20
RISK IMPACT	**MODERATE**	3	6	9	12	15
	MINOR	2	4	6	8	10
	NEGLIGIBLE	1	2	3	4	5
		RARE	**UNLIKELY**	**POSSIBLE**	**LIKELY**	**ALMOST CERTAIN**

Assurance

To ensure the effectiveness of the risk management framework, Craigdale records where and how it gets assurance that controls are effective i.e. are we doing what we say we are and how do we know it works.

Assurance is often described as three levels:

- Locally by the department / Team delivering the control, process or procedure.
- Organisational oversight by Senior Management Team, Committees or Board.
- Independently by Internal Audit, External Audit, Regulators, Inspectors etc.

It is important that we seek to gain assurance across all three dimensions where possible and practicable. Gaining assurance over these three dimensions is often referred to as the 'three lines of assurance' model which is shown below. This ensures that Craigdale can triangulate assurance across multiple aspects which taken together provides greater confidence over the management of each risk.

First Line
- Department Teams through their day to day management
- Having policies and operating procedures in place and line management controls.

Second Line
- Housing Association wide oversight from corporate functions e.g. risk management, quality teams, HR, finance etc.
- Quality assurance, monitoring and reporting activities e.g working groups
- Local Governing Bodies, Committees and Board

Third Line
- Independent and objective assurance regarding the integrity and effectiveness of controls
- For example Internal Audit, External Audit - Assurance from outside the organisation

Assurance - What does this mean if I am a risk owner?

First line, how do you know day to day that controls are working effectively?

→

Second line is oversight, who or where do management of Craigdale get oversight that the things we are doing to manage the risk are working

→

Third line has anyone external come in to check that the controls are working?

Risk appetite

Risk appetite is a way of expressing our attitude to different types of risk and the nature of the risks we are prepared to take. Our appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

We have developed an approach to defining Craigdale's risk appetite. The risk appetite is not prescriptive but instead provides a number of underlying component parts that encourage structured thinking. The aim of the risk appetite is to allow us to reach an informed conclusion as to whether the risk can be accepted and to what extent.

Risk appetite can be defined by the following five categories:

Hungry	• This would mean Craigdale is willing to take risks such as being innovative or using new technologies
Open	• Open is when Craigdale is willing to consider all potential options and recognises that there will be risk exposure
Cautious	• Preference of cautious is to always be safe but Craigdale accepts there may be some risk exposure
Minimal	• Minimal is when Craigdale will accept the safest options only
Averse	• Craigdale will avoid all risk exposure and cease activity

To enable translation of the risk appetite into Craigdale's risk scoring methodology, the tolerance for each risk appetite has been plotted on the following matrix i.e. at what point a risk is acceptable (within tolerance) and when it is not (outside tolerance).

Risk Score Threshold	Risk Appetite Level
21 & Below	Hungry
17 & Below	Open
13 & Below	Cautious
8 & Below	Minimal
5 & Below	Averse
Note the threshold score is after controls have been applied	

Please see Appendix (II) for the full risk appetite statement wordings.

Risk Theme	Risk Appetite
Confidence and Trust	Minimal / Cautious
Development	Open
Environmental Social Governance	Open / Cautious
Financial Management	Minimal / Open
Safety & Security	Averse / Cautious
Service Quality	Minimal / Open
Our People	Open / Minimal

Risk appetite monitoring and reporting

We will continue to keep under review Craigdale's risk appetite, fully recognising that this may be subject to change due to various factors both internal and external that could shape the nature and extent of the risks we are prepared to take.

Risk Appetite - What does this mean if I am a risk owner?
If a risk is deemed to be out with Craigdale's risk appetite, for example a high scoring risk or a risk has unacceptable outcomes if it were to occur, you will be asked what improvement actions can be identified to bring the score in line with acceptable levels. A more senior risk owner may be appointed to lead the risk through the necessary improvements.

Monitoring

Craigdale will align existing risks with risk appetite themes. In addition, we will report the volume (including an approximation of cumulative exposure/risk clusters) of risks by risk theme v risk appetite and develop a set of reporting tools, as appropriate, to help measure / inform risk appetite. All overseen by Audit & Assurance Committee, the Board and Senior management.

Reporting

A cycle of reporting by risk appetite will be introduced so that Craigdale can understand its risk exposure in connection with the risk appetite themes and ensure an effective response.
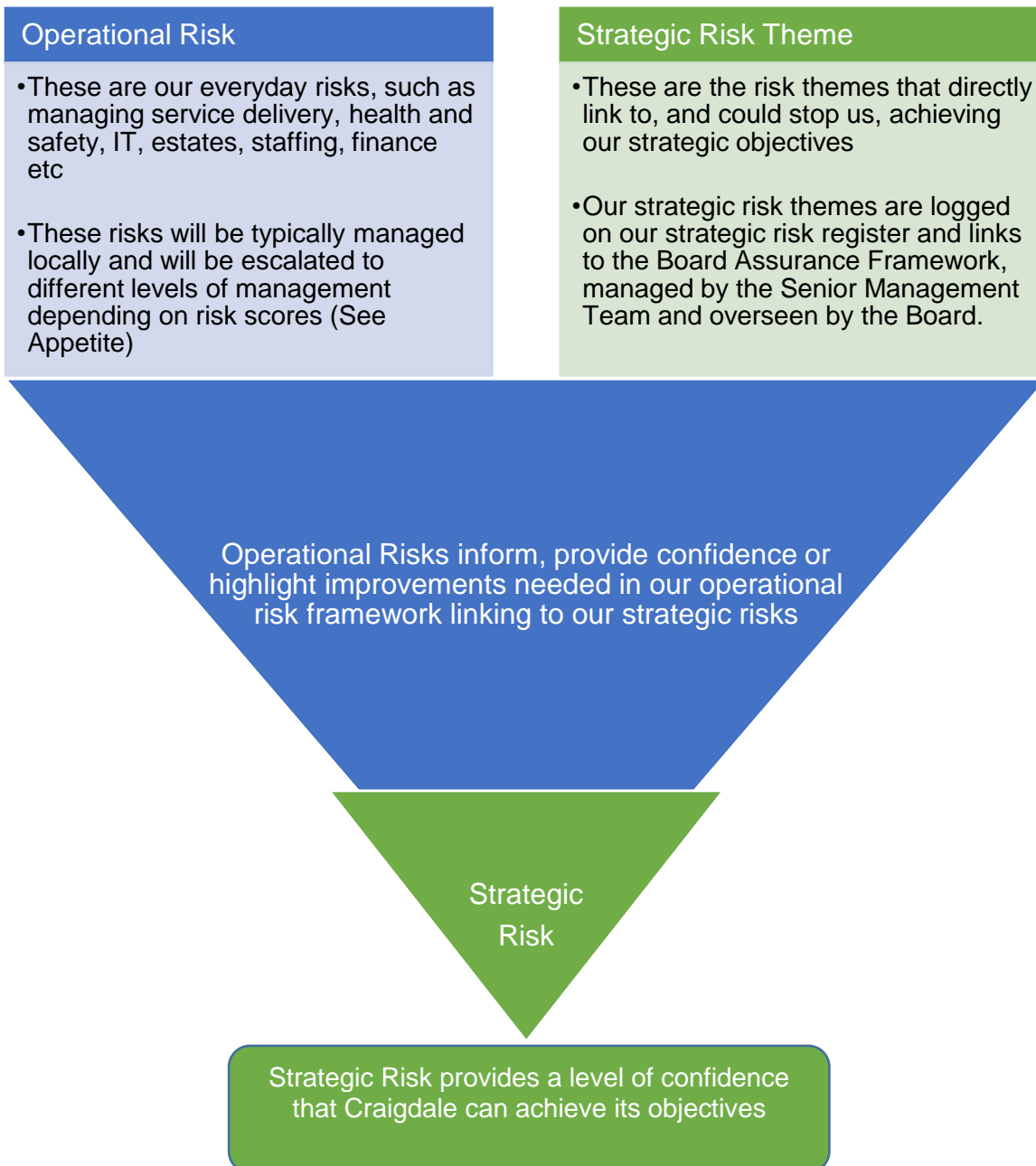
Operational and Strategic

Risks depending on how they could affect Craigdale are managed through different levels of the organisation.

To do this, risks are separated into two categories; Operational and Strategic as explained below.

Operational Risks are those experienced by each part of Craigdale in their operating environment - Department / Team / Support Functions that may impact service delivery, the safety of tenants, staff, visitors, or preservation and value of assets by exposing them to harm, loss, or damage. These risks are managed by senior management and detailed in the register.

Strategic Risk Themes are directly linked to Craigdales's strategic objectives, and are expressed and managed by the Senior Management Team and reported to the Audit & Assurance Committee and Board as part of the Board Assurance Framework.

Put simply;

Operational Risk

- These are our everyday risks, such as managing service delivery, health and safety, IT, estates, staffing, finance etc

- These risks will be typically managed locally and will be escalated to different levels of management depending on risk scores (See Appetite)

Strategic Risk Theme

- These are the risk themes that directly link to, and could stop us, achieving our strategic objectives

- Our strategic risk themes are logged on our strategic risk register and links to the Board Assurance Framework, managed by the Senior Management Team and overseen by the Board.

Operational Risks inform, provide confidence or highlight improvements needed in our operational risk framework linking to our strategic risks

Strategic Risk

Strategic Risk provides a level of confidence that Craigdale can achieve its objectives

4.0 Responsibilities

Responsibilities change as risks move up through the organisation. With each new level comes a different level of management responsibility as explained below;

All staff have a responsibility to identify and report any risks they see to their appropriate manager.

The Senior Managment Team has a responsibility to ensure that any risks that fall under their remit are being appropriately managed and if not, ensure appropriate action is taken. **Risks graded above the defined appetite or which have a low level of assurance are managed here and / or escalated for review**

Committees and Board have a responsibility to ensure that all high level operational risks and strategic risk themes are being managed effectively by risk owners and provide check and challenge on the effectiveness of the controls in place.

Specific roles and responsibilities

ROLE OF THE BOARD

The Board has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within Craigdale. This includes:
    - determining that Craigdale is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
    - determining what types of risk are acceptable and which are not
    - setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for Craigdale.
- Approve major decisions affecting Craigdale's risk profile or exposure.
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review Craigdale's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

ROLE OF COMMITTEE'S

The Committee's will at each of the scheduled meetings receive a report on the Strategic Risk Themes. Its role is to:-

- Monitor the management of all the Strategic Risk Themes
- Provide an overview summary report on the Strategic Risk Register to the Board at each of its scheduled meetings
- Review the Risk Appetite of Craigdale and make recommendations to the Board
- Satisfy itself that all known risks are being actively managed, with the appropriate controls in place and working effectively
- Annually review Craigdale's approach to risk management and propose changes or improvements to key elements of its processes and procedures

ROLE OF THE SENIOR MANAGEMENT TEAM

Role

- The Senior Management Team act as the risk facilitators for Craigdale.
- To ensure that Craigdale manages risk systematically, economically and effectively through the development of an all-encompassing risk framework
- To support Craigdale in the development, implementation and review of the risk management approach
- To share experience on risk, risk management and strategy implementation across Craigdale

Responsibilities

- To acquire a knowledge of risk management and its benefits.
- Monitor, evaluate and update Craigdale's risk register monthly
- Review the Risk Management approach at least once a year
- Report to each meeting of the relevant Committee(s) on the status of risks and controls pertinent to their specific remit.
- Ensure risk management and its processes are disseminated and are embedded throughout Craigdale.
- Continuous development, promotion & implementation of risk management throughout Craigdale.
- Preparation of contingency plans in those areas that are considered high risk.
- To review any training requirements to enable the development & implementation of risk management.

The Chief Executive will take overall responsibility for the administration and implementation of the risk management process
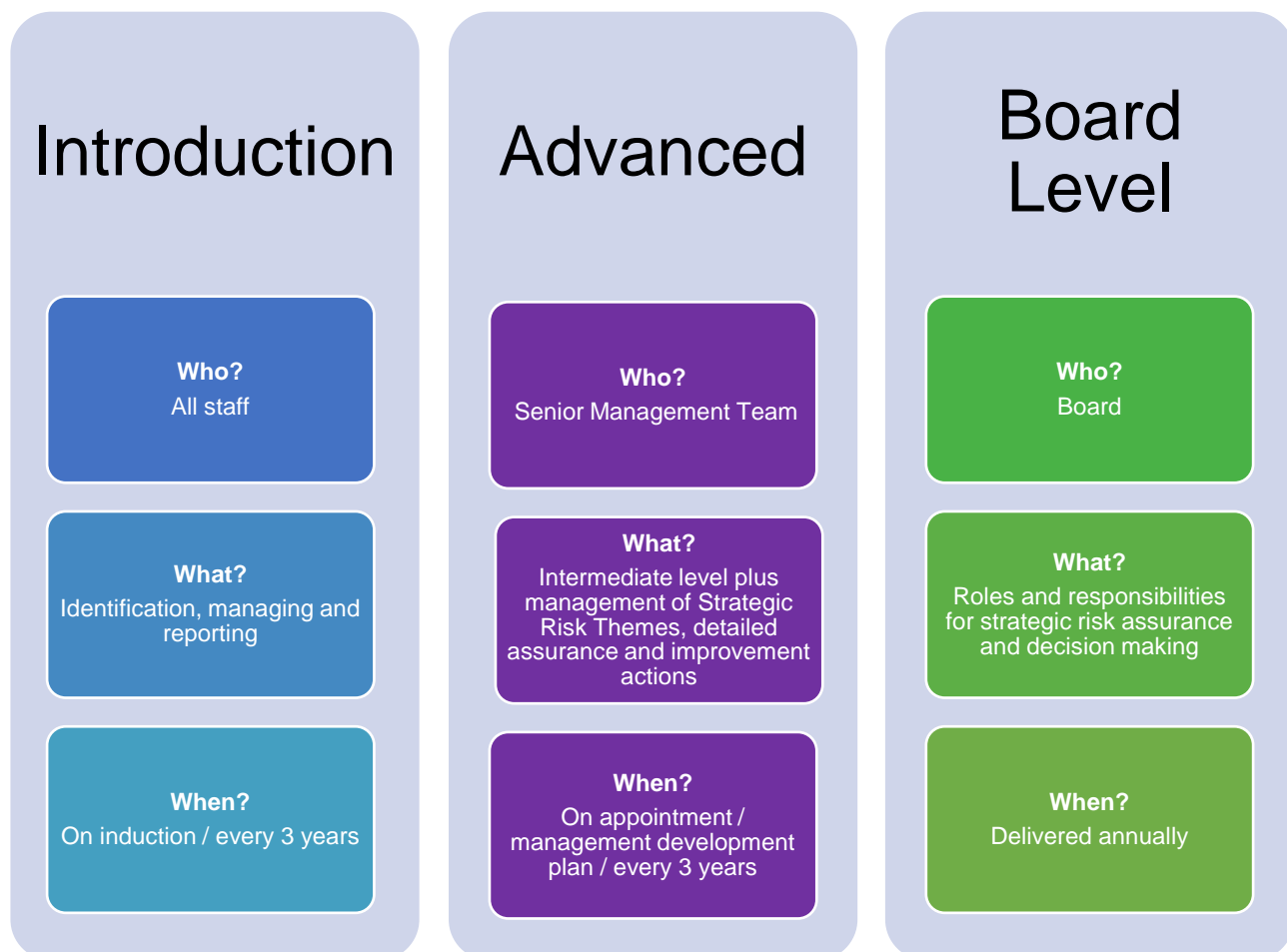
MANAGERS AND STAFF REGARDING RISK MANAGEMENT

Craigdale managers and staff have a duty to ensure that risk is managed effectively in their area. This includes engagement with colleagues through formal and informal processes. All staff across Craigdale have a responsibility for identifying risks in performing their daily duties and taking action to limit the likelihood and impact of these risks.

Training

All staff will be required to undertake risk management training.

The training will be delivered via workshops and one to one support as appropriate. Those identified with increasing responsibility for risk and reporting may be required to attend additional specific risk training.

Risk training will follow the outline principles below:

Introduction	Advanced	Board Level
Who? All staff	**Who?** Senior Management Team	**Who?** Board
What? Identification, managing and reporting	**What?** Intermediate level plus management of Strategic Risk Themes, detailed assurance and improvement actions	**What?** Roles and responsibilities for strategic risk assurance and decision making
When? On induction / every 3 years	**When?** On appointment / management development plan / every 3 years	**When?** Delivered annually

5.0 Monitoring

Adherence to this policy will be monitored on a regular basis and reported to the relevant Committees. Craigdale's approach and discharge of risk management will also be regularly assessed by internal audit function as part of the Annual Audit Plan.

Risk Registers will be monitored on the standard of information, how often they are reviewed, what specific risks monitoring is occurring and where.

Standard Appendix (1): Risk Appetite Themes & Wordings

All risks should be considered in the context of Craigdale's risk appetite. To assist this further the Board have identified several risk appetite themes against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, we will be more easily able to determine how to respond and so make best use of mitigation resources.

The following risk appetite themes and descriptions below were determined by the Board after considering key negative and positive events that might affect the achievement of goals.

Confidence and Trust

Minimal / Cautious

Due to the importance of stakeholders having Confidence and Trust in CHA, we have a split-level approach to our risk appetite. For those opportunities that will build and enhance the confidence and or trust people have in CHA, we shall be **Cautious** to exploring all potential options. However, CHA shall take a **Minimal** approach to any risk that may harm that confidence and/or trust including any short or long term damage to our reputation.

Development

Open

CHA is **Open** and willing to consider all potential options recognising and accepting that there may be risk exposure. However, each opportunity for development should consider **all categories** of risk exposure, ensuring that these have been considered and accepted in line with our risk appetite.

Environmental Social Governance

Open / Cautious

CHA will have split appetite to any risks that breakdown or impact our environmental & social governance arrangements. We will remain **Open** to new opportunities to improve procedures to work towards the Green Agenda. CHA will remain **Cautious** to changes that have a detrimental effect to the governance of the association.

Financial Management

Minimal / Open

CHA will have a split appetite to finance Risks. Regarding identifying and securing new sources of funding we shall be **Open** to exploring these opportunities. In contrast when managing our business as usual finance risks such as developing assets and financial sustainability CHA will be **Minimal**.

Safety & Security

Averse / Cautious

CHA as an association is naturally risk **Averse** regarding safety and security. CHA will always try to do everything realistic and practicable to mitigate against these risks. To balance the risk and opportunity in an appropriate fashion CHA shall be **Cautious** in our risk appetite and in doing so will always look for the safest route and aim for lowest manageable risk level.

Service Quality

Minimal / Open

CHA will be **Minima**l to any risk that could impact the quality of services. However, CHA will be willing to explore new opportunities to improve the efficiency and effectiveness of services but will be **Open** in improving service quality.

Our People

Open / Minimal

CHA will be **Open** to exploring new opportunities to improve the efficiency and effectiveness of services and internal procedures. CHA will be willing to accept a certain level of risk to positively benefit Our People. CHA will be **Minimal** to risks that may have a negative impact on our people.

Standard Appendix (2): Glossary

Term	Description
Assurance	An opinion based on evidence gained from the review of the Housing Association governance, risk management and control framework that risk assessments and control responses are appropriate, adequate and achieving the effects for which it has been designed.
Cause	The reason for the risk exposure – why would a risk occur?
Current Risk Grade / Score	The grade given to a risk, AFTER considering the risk controls.
Effect	The impact for the risk exposure – what would be the consequence if the risk materialised?
Exposure	The consequences that arise from the realisation of a risk.
Initial risk grade	The classification the Housing Association gives to a risk, based on its likelihood and potential impact and BEFORE the application of the risk controls.
Consequence	The effect that a risk would have on the Housing Association if it occurred.
Likelihood	The probability of a risk occurring.

Risk Owner	The person responsible for ensuring the risk is properly managed and monitored.
Risk	The threat or possibility that an action or event will adversely or beneficially affect the Housing Associations' ability to achieve its objectives.
Risk appetite	The level of risk the Housing Association is prepared to accept or tolerate before considering action necessary.
Risk assessment	The process by which the Housing Association identifies and assesses the risks associated with its activities.
Risk Control	An action or process that the Housing Association currently has in place to either reduce a risk to an acceptable level or increase the probability of a desirable outcome.
Risk management	"Risk Management is the process which aims to help the Housing Association understand, evaluate and take action on all our risks with a view to increasing the probability of our success and reducing the likelihood of failure".
Risk Register	A document for capturing, monitoring and communicating valuable information about each risk the Housing Association identifies.

Craigdale Housing Association Equality Impact Assessment

Name of policy to be assessed:	Risk Management	Is this a new policy or a review:	Review
Person completing the Assessment:	Linda Chelton	Date of assessment:	18.11.24

1.	Briefly describe the aims, objectives and purpose of the policy	To effectively manage risk for the Association and to ensure effective monitoring and risk appetites are in place

2.	Who is intended to benefit from the policy? (e.g., staff, applicants, tenants, staff, contractors)	The whole association and its stakeholders

3.	What outcomes are wanted from this policy? (e.g., benefits to customers)	Effective risk management and effective governance.

4.	Which protected characteristics could be affected by the policy (select all that apply)		
Minority Ethnic:		Age:	
Gender:		Religion/belief:	
Disability:		Transgender:	
Sexual Orientation:		Maternity/Pregnancy:	
Marriage/civil partnership:			

5.	If the policy is not relevant to any of the protected characteristics listed in part 4. State why and end the process here.	**This is the policy covering internal risk controls and as such will have no direct effect on any of the protected characteristics.**

6.	Describe the likely positive or negative impacts the policy could have on the groups identified in part 4	**Positive Impacts**	**Negative Impacts**

7.	What actions are required to address the impacts arising from this assessment?	

Signed: Linda Chelton

Date: 18.11.24

Please attach the completed document as an appendix to the policy report.