

	Risk Management Policy
	Doc No: P020

Version No	Title	Author	Draft Date	Approved By	Approval Date	Live Date	Review Date
1	Risk Management Policy	A Malik / M Warner	Aug 22	Board	Aug 22	Aug 22	Aug 25
1	Risk Appetite Update	S Davies	Jul 24	Board	Jul 24	Jul 24	Jul 27

1. Risk Management Policy

1.1 INTRODUCTION

The staff and Management Committee members of Eldonian Community Based Housing Association recognise that, as a provider of a public service, it operates in an environment that is influenced and impacted by the wider social, economic, and political environment.

As such the organisation is constantly facing new and unprecedented challenges that require it re-consider, review, and assess the services it provides, the way these are delivered and, crucially, the risks to the business and its future viability.

Good, robust Risk Management is therefore an integral part of the Association's future planning both at a strategic and operational level as well as a key element of effective governance. The Risk Management Policy is intended to put in place a framework for identifying, prioritising, and managing risks to the Association and to embed Risk Management as a core activity throughout the organisation.

1.2 OBJECTIVES

By having a clear and robust approach to Risk Management, the Association aims to.

- Recognise that risk is inherent and unavoidable in business
- Make risk management the foundation for its strategic planning processes and day-to-day operations management
- Identify potential future risks to the business
- Ensure it is proactive in identifying and managing risks
- Define its appetite for risk
- Provide clarity and focus on mitigating the high and medium risks

- Put in place effective controls to reduce the risk and/or mitigate the impact should the risk crystallise
- Promote ownership of the risk management process across the organisation
- Promote a culture of risk awareness throughout the organisations
- Contribute to good governance

1.3 DEFINITIONS

There are several different approaches and terminology associated with the management of risk. To ensure awareness and consistency throughout the organisation the following definitions will be used:

RISK:

Anything that could adversely impact on the Association's long-term security or its ability to meet its strategic or operational objectives.

RISK MANAGEMENT FRAMEWORK:

Sets out the how and when risks will be identified, assessed, and monitored.

RISK MANAGEMENT:

The process for identifying, prioritising, managing, and responding to identified risks.

RISK REGISTER:

Is the formal record of the identified risk, the controls in place to manage the risk and the assessment of the probability and impact of the risk crystallising.

RISK APPETITE:

Measures the level of risk the Association is prepared to accept in order to achieve its aims and objectives.

1.4 REGULATORY STANDARDS

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

1.5 RISK MANAGEMENT FRAMEWORK

The Association recognises that good Risk Management is a proactive, continuous process that involves all members of the organisation. However, there are key roles, responsibilities, and cycles within the process.

Roles & Responsibilities

Management Committee –

To approve the Risk Management Policy, define the Association's Risk Appetite and monitor and evaluate the control and management of identified risk

Senior Management Team –

Identify and assess risks to the achievement of the strategic and operational objectives, identify new or

emerging risks, identify, and manage controls to reduce risks and review the risk register as part of the Business Planning process

Staff Team –

Effective implementation of the policies, procedures, and other risk controls
Internal Auditors – Review the effectiveness of the Association’s Risk management Policy and processes

External Auditors –

Assess risk in relation to fraud and financial management

1.6 CYCLE REVIEWS

Annually - review of the Risk Register and Risk Management Policy by Management Committee to coincide with the Business Planning process and review

Quarterly –

Review of all risks and update of risk register by the Senior Management Team

Monthly –

Review of the priority risks and consideration of any new or emerging risks as part of the Senior Management Team meetings

As Required –

Reports on any new or emerging risks to Management Committee
Reports to the Management Committee on any failures of the internal controls

1.7 RISK IDENTIFICATION

Strategic and operational risks to the Association’s stated objectives will be identified as part of the Business Planning process. New or emerging risks will be considered and added to the risk register as appropriate.

1.8 ASSESSMENT OF RISKS

It is recognised that there will be risks that present greater threats to the Association and therefore require to be prioritised and monitored more closely. In order to prioritise the risk, each will be graded as detailed in Appendix 1 of this policy.

1.9 RISK CONTROLS

As far as possible measures to control, reduce or eliminate the risks to the Association will be put in place and the effectiveness of these controls reviewed regularly. For risks assessed as being HIGH or MEDIUM/HIGH these will be reviewed monthly by the Senior Management Team.

1.10 RISK MANAGEMENT

In order to effectively manage a risk, the Association will employ a range of techniques and processes

including

- Future Planning and Forecasting
- Policies and Procedures
- Insurance Cover · Sensitivity Analysis
- Advice from suitable sources

1.11 RISK APPETITE

Any new venture, project or formal partnership arrangement with an external agency will be assessed in line with the Risk Management Policy. Where the risk of participation or implementation is deemed to be higher than the level acceptable to the Association or where it would be inconsistent with the Association's objectives, the activity will not be taken forward.

1.12 RISK AWARENESS

All members of staff and the Board of Management are essential to effective Risk Management and will be expected to proactively contribute and participate in the process. Through reporting, training, and discussion staff and Board of Management members will be kept informed of the risk facing the Association and their role in controlling and managing these.

1.13 RISK MANAGEMENT FRAMEWORK

STRATEGIC RISK SCORING

LIKELIHOOD

Score	Level	Definition
1	Remote	Very Unlikely to occur in the next 5 years but is still theoretically possible.
2	Possible	Less than a 50% chance of this risk crystallising in the next 5 years but the circumstances in which it could occur are possible.
3	Probable	Above 50% chance that this risk could occur on the next 5 – 10 years
4	Highly Likely	More likely that this risk will crystallise than not with an above 75% chance that it will occur in the next 5 years
5	Almost Certain	Little doubt or uncertainty that this risk will occur within the next 5 years.

IMPACT

Score	Level	Definition
1	Insignificant	Has no impact on the strategic objectives of the Association.
2	Minor	Would result in some low-level operational objectives either not being achieved or being delayed.
3	Moderate	Would result in some operational objectives not being achieved and/or delayed although would not mean the overall business and strategic plans would not be achieved in the longer term.
4	Major	The viability of the Association and its ability to adhere to its business and strategic plans would be compromised due to key objectives not being

		achieved or their achievement being delayed for a considerable period of time.
5	Catastrophic	Would result in the high-level engagement with the Regulator and/or the closure of the Association.

MATRIX					
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5
	Remote	Possible	Probable	High Likely	Almost Certain
RISK PRIORTISATION					
HIGH	20-25		Unacceptable level of exposure to risk above the Association's risk tolerance level. Association must take immediate action to manage the risk. The Association will underrate any activity where the level of risk is deemed high and cannot be reduced to an acceptable level.		
MEDIUM/HIGH	16-20		Unacceptable level of risk. Required constant, active monitoring. Measure needs to be put in place to reduce and/or control the risk.		
MEDIUM	11-15		Risk is significant but acceptable. Requires to be closely monitored to ensure that the controls are effective in mitigating the risk level and impact		
MEDIUM/LOW	6-10		Acceptable level of risk. Requires being monitored and assessed to ensure that the controls are effective.		
LOW	1-5		Risk is insignificant.		

RISK SINGE SHEET DETAIL

Risk:

Number	Risk	Key controls and actions	Yes	No	In progress
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[illegible]

1.14 CURRENT RISK APPETITE

As at July 2024, All 12 identified strategic risks are rated low or very low in terms of risk appetite which means there is minimal tolerance or cautious tolerance and there is no intention to change the level of risk appetite for the foreseeable future.