



JOINT RISK MANAGEMENT POLICY

POLICY IMPLEMENTATION CHECKLIST	
Policy Guardian:	PAUL MURPHY
Author:	PAUL LENNON
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Equality Impact Assessment:	LOW
Data Protection compliant:	YES
Health & Safety compliant:	YES
Procedure implemented:	YES
SDM system changes made:	N/A
Training Completed:	
Posted on Sharepoint:	
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Contents

Section	Title	Page
1	Introduction	3
2	Other relevant Co-operative policies & practices	3
3	The categories of risk to be managed and reviewed annually	3
4	When risk assessments will be undertaken	3
5	Roles and responsibilities	4
6	Risk Financing	4
7	Allocating resources to risk management	5
8	Developing Strategic and Operational Risk Management Action Plans	5
9	Operational Risk Areas	5
10	Using the Risk Schedules	6
	10.1 Risk Control	6
	10.2 Risk Monitoring	6
11	List of Appendices	
	Appendix 1 - PESTLE	7
	Appendix 2- SWOT	8
	Appendix 3- Strategic Risk Assessment	10
	Appendix 4 Risk Strategy	14

INTRODUCTION

The Co-operative 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 Co-operative at a strategic and operational level.

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

The Co-operative 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 Co-operative'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

3. THE CATEGORIES OF RISK TO BE MANAGED

The Co-operative 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 Co-operative'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 Co-operative 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 Co-operative.

The Director

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

Depute Director/Housing Manager

To manage risk effectively in their particular service areas (e.g. housing management, maintenance, finance etc.)

Employees

To manage risk effectively in their job and follow any Co-operative's policies and procedures which have been developed to minimise the risk to the Co-operative 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 Co-operative 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:

- Co-operative'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 Co-operative currently insures for significant losses.

7. ALLOCATING RESOURCES TO RISK MANAGEMENT

The Housing Co-operative 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 Co-operative'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 Co-operative'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 Co-operative'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 Co-operative (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 Co-operative.

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 Co-operative.

10. USING THE RISK SCHEDULES

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

10.1 Risk Control

Take action to minimise them 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:

Option 1 – 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 Co-operative'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.

10.2 Risk Monitoring

The Co-operative 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.

6.1 – PESTLE

PESTLE Analysis

<p>Political</p> <ul style="list-style-type: none"> • Housing to 2040 • Continued political support: affordable housing supply programme • Brexit (materials and labour shortages, housing demand, pricing, etc) • Local government elections • Carbon reduction targets 	<p>Economic</p> <ul style="list-style-type: none"> • Rising inflation • Rising interest rates/increased borrowing costs • Weak economic growth forecasts • Post Covid austerity • Lower average earnings/cost of living squeeze • Lending environment/interest cover risks • Rising construction inflation
<p>Social</p> <ul style="list-style-type: none"> • Increasing elderly population • Desire for independent living • Increase in smaller households • Health & Social Care agenda • Covid impact on housing design • Access to housing support services 	<p>Technological</p> <ul style="list-style-type: none"> • Digitalisation/pace of change <ul style="list-style-type: none"> - Self-service - Mobile working - Process automation • Smart Housing – IoT (Internet of Things) opportunities • Technology enabled care • 5G roll out • High speed broadband connectivity • Customer digital expectations • Workplace strategy/ICT/T&Cs • Digital inclusion both devices and skills
<p>Legal</p> <ul style="list-style-type: none"> • Fire safety regulations • SHR: increased scrutiny • Changes to pension/NI requirements • New housing legislation • Employment law and other changes • Changes to working week • Changes in other regulatory areas (OSCR, SPSO, FOI, GDPR) 	<p>Environmental</p> <ul style="list-style-type: none"> • Climate change targets • Climate change impact • Neighbourhood satisfaction • Placemaking • 20-minute neighbourhoods • EESSH2/Heat in Building Targets • Retro-fitting existing housing stock

6.2 – SWOT

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Tenant satisfaction levels • Evidence of rental affordability • Below average debt per unit • Operational performance benchmarks • Sound financial control and risk management • Assurance that FW&GP HCs meets SHR Regulatory standards • Positive cash balances across the 30-year business plan • Demand for housing stock • Good stock condition with adequate historic capital investment • Board and staff knowledge, experience and skills • Potential of Community Centres to generate financial income streams 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Board and Senior Team succession planning – is this an opportunity? • Viability of forward investment programme • Sustainability of long-term rental formula (above inflation increases) • Management cost benchmarks • Capacity to front fund investment – Housing First agenda
<p>Opportunities</p> <ul style="list-style-type: none"> • Continuation of Scottish Government AHSP (Affordable Housing Supply Programme) development funding • Headroom for borrowing • Operating model transformation • Digitalisation • Customer insight & experience • Agile/hybrid working • Emerging funding opportunities (Warm Homes, People & Communities Fund Housing Net Zero Fund) 	<p>Threats</p> <ul style="list-style-type: none"> • Lending environment: availability & cost of long-term finance • Cost of living/housing affordability pressures • Capacity to meet new energy and net zero standards

APPENDIX 3 – STRATEGIC RISK ANALYSIS

Risk Register 2023/24

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
1) POLITICAL/LEGISLATIVE	<ul style="list-style-type: none"> • Housing to 2040 • Continued political support: affordable housing programme • Brexit (materials and labour shortages, housing demand, pricing, etc) • Local government elections • Carbon reduction targets • 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 developed then investment in existing homes undermined and overall financial viability of Co-op undermined. • Less social housing = higher demand. • Uncertainty and increased financial pressure. Cuts in government spending removal of grants e.g. medical adaptations. 	3	X2	6	<p>Financial Sub Group established due to cost of living crisis in current economic climate. AFTAR service and Partnership working to try to attract grants for advice services for tenants.</p> <p>Tenant profiling Build relationships with political parties.</p> <p>Staff relevant training</p>	Update Management Committee regularly and progress reports on impact to committee.

	<ul style="list-style-type: none"> Financial position is affected as externally imposed standards rise may have impact of driving up cost/ rents. 					
STRATEGIC RISK AREA	RISK	RESIDUAL RISK		CONTROL/ACTION	REVIEW FREQUENCY	
2) ECONOMIC	<ul style="list-style-type: none"> High interest rates Economic recession pressure on builders costs, increased cost of borrowing and running businesses and job insecurity. High unemployment and reduced income for tenants with knock on effect on arrears. Rising inflation Rising interest rates/increased borrowing costs Weak economic growth forecasts Post Covid austerity Lower average earnings/cost of living squeeze Lending environment/interest cover risks Rising construction inflation 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	X 3	9	<p>Manage rent increases effectively. Financially robust Business Plan. Cost efficiency to ensure affordable rents. Regular environmental exercise. Treasury management policy and compliance All staff moved to DC scheme though past deficit remains payable. Business plan provision built in for pension's liabilities plus sensitivity modelling. Covenant compliance.</p>	Bi Annual
	Pressure on pension's schemes making losses due to poor financial investment					

	performance is affected as employer's contributions increase.					
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STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
		How Likely?	How Severe	Total Score		
3) DEMOGRAPHIC/SOCIAL	<ul style="list-style-type: none"> • Anti-Social Behaviour, increase in complaints and vandalism. • Increase repair costs escalate and properties become difficult to let and rent lost. • Impact of post pandemic trauma / mental health wellbeing • Comply with ombudsman new guidance. • Higher voids and increased stock turnover. • Ageing population/desire for independent living • Barriers to support when faced with increasing homelessness applications. • Increase in smaller households • Health and social care agenda • Hybrid / remote working impact on housing design • Access to housing support services The West of Scotland tends to have a higher level of long term illness than the rest of UK. 	1	X 3	3	ASB controlled Monitor local demographics Planned maintenance to improve stock quality. Examine feasibility of using stock to support independent living. Examine possibility of using stock to support new initiatives eg NHS international workers	Quarterly
	<ul style="list-style-type: none"> • The size of the management committee decreases due to ageing and lack of new 'younger' recruits. • Committee members lose interest and don't attend meetings regularly and Committee business is disrupted by being inquorate and / or committee numbers fall below minimum numbers 	3	X 2	6	Regularly review attendance at committee meetings. Compliance with SHR Regulatory Standards. Committee recruitment.	Quarterly

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
	<p>sufficiently or keep abreast of developments and changes and meet SHR expectations.</p> <ul style="list-style-type: none"> • Committee members have insufficient knowledge or understanding to maintain effective control of Co-op's business 	2	X 3	6	<p>plans. Ensure Committee Appraisals carried out.</p>	

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
4) TECHNOLOGY	<ul style="list-style-type: none"> • Technological advances become increasingly expensive and beyond the means of the Co-operative. • 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. • Digitalisation/pace of change...self service,mobile working, process automation • Smart housing-IoT (Internet of Things) opportunities • Technology enabled care • 5G roll out • High speed broadband connectivity • Customer digital expectations • Workplace strategy/ICT/T&C's • Digital inclusion both devices and skills 				Develop IT strategy to guide renewals & replacements. Use social media sites to promote work of co-op and encourage tenant feedback.	Bi-Annually
5) LEGISLATIVE	<ul style="list-style-type: none"> • Need to deliver all aspects of the Regulatory Framework, Scottish Housing Charter, changes to service delivery • Fire safety legislation • SHR: increased scrutiny • Changes to pensions/NI requirements • New housing legislation • Employment law and other changes • Changes to working week • Changes in other regulatory areas (OSCR SPSO, FOI, GDPR) 				Ensure Health and Safety Audits and checks are carried out timeously and ensure tenants are advised on Fire Risks in properties. Membership of EVH for guidance & Advice Customer survey's on-going. Working with external agencies	As and when timetabled. Annually

					<p>including Scottish Fire & Rescue.</p> <p>Landlord health and safety audit carried out by external consultant - end of 2022.</p> <p>Policies & Procedures updated to reflect changes in legislation.</p>	
						Annually

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
6) ENVIRONMENTAL	<ul style="list-style-type: none"> • Climate Change targets • Climate Change impact • Impact of raising standards for carbon emissions • EESSH 2/ Heat in building targets • Neighbourhood satisfaction • Placemaking • 20-minute neighbourhood • Retrofitting existing housing stock 				1) Disaster recovery plan. 2) Innovative proposals and external funding.	Annually
7) COMPETITIVE	<ul style="list-style-type: none"> • Drop in demand for rehab flats especially due to new build development in area. • Business failure due to inability to relet or bring in revenue. 				Demand analysis of the flats carried out Carry out appropriate investment to voids.	Quarterly

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
		How Likely?	How Severe	Total Score		
1) POLITICAL/LEGISLATIVE	<ul style="list-style-type: none"> • Housing to 2040 • Continued political support: affordable housing programme • Brexit (materials and labour shortages, housing demand, pricing, etc) • Local government elections • Carbon reduction targets • Changes in government policy to drive down HAG rates and increase % 	3	X 3	9	Develop strategy to protect Co-operative's revenue and assist tenants deal with Welfare Reform. GWSF Campaigns. AFTAR service and Partnership working to try to attract grants for	Update Strategy Regularly and progress reports on impact to committee. All ongoing

	<p>private finance required developing new homes.</p> <ul style="list-style-type: none"> • Development of new homes not viable at this time? If developed then investment in existing homes undermined and overall financial viability of Co-operative undermined. • Less social housing = higher demand. • Uncertainty and increased financial pressure. • Cuts in government 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. • Possible Scottish Referendum 				<p>advice services for tenants.</p> <p>Tenant profiling Build</p> <p>Relationships with political parties.</p> <p>Staff relevant training</p> <p>Set up Finance Focus Group</p> <p>Meet with elected members</p>	
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STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
		How Likely?	How Severe	Total Score		
2) ECONOMIC	<ul style="list-style-type: none"> • High interest rates – impact for costs • Economic recession pressure on builders costs, increased cost of borrowing and running businesses and job insecurity. • High unemployment and reduced income for tenants with knock on effect on arrears. • Scottish Government Rent Freeze • Increased Fuel costs • Rising inflation • Rising interest rates/increased borrowing costs • Weak economic growth forecasts • Post Covid austerity • Lower average earnings/cost of living squeeze • Lending environment/interest cover risks • Rising construction inflation 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	X 3	9	<p>Manage rent increases.</p> <p>Financially robust Business Plan.</p> <p>Cost efficiency to ensure affordable rents</p> <p>Treasury management policy and compliance</p> <p>All staff moved to DC scheme though past deficit remains payable.</p> <p>Business plan provision built in for pension's liabilities plus sensitivity modelling.</p> <p>Covenant compliance.</p>	Quarterly

	<ul style="list-style-type: none"> Pressure on pension's schemes making losses due to poor financial investments and employer's contributions increase. 	3	X 2	6	<p>Sustainability of staff</p> <p>Seek best value</p>	Yearly
STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
		How Likely?	How Severe	Total Score		
3) DEMOGRAPHIC/SOCIAL	<ul style="list-style-type: none"> Anti-Social Behaviour, increase in complaints and vandalism. Increase repair costs escalate and properties become difficult to let and rent lost. Higher voids and increased stock turnover. Ageing population/desire for independent living Barriers to support when faced with increasing homelessness applications. Increase in smaller households Health and social care agenda Covid impact on housing design Access to housing support services <p>The West of Scotland tends to have a higher level of long term illness than the rest of UK.</p>	1	X 3	3	<p>ASB controlled</p> <p>Monitor local demographics</p> <p>Planned maintenance to improve stock quality.</p> <p>Examine feasibility of using stock to support independent living.</p> <p>Examine possibility of using stock to support homeless applicants.</p>	Quarterly
	<ul style="list-style-type: none"> The size of the management committee decreases due to ageing and lack of new 'younger' recruits. Committee members lose interest and don't attend meetings regularly and Committee business is disrupted by 	3	X 2	6	<p>Regularly review attendance at committee meetings.</p> <p>Compliance with SHR Regulatory Standards.</p>	Quarterly

	being inquorate and / or committee numbers fall below minimum numbers				Committee recruitment.	
	<ul style="list-style-type: none"> 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 Co-operative's business 	2	X 3	6	<p>Follow through with Committee training plans.</p> <p>Ensure Committee Appraisals carried out.</p>	Annually
STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
4) TECHNOLOGY	<ul style="list-style-type: none"> Technological advances become increasingly expensive and beyond the means of the Co-operative. 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. Digitalisation/pace of change...self service,mobile working, process automation Smart housing-IoT (internet of Things) opportunities Technology enabled care 5Groll out High speed broadband connectivity Customer digital expectations Workplace strategy/ICT/T&C's 	2	X 2	4	<p>Develop IT strategy to guide renewals & replacements.</p> <p>Use social media sites to promote work of Co-operative and encourage tenant feedback.</p>	Bi-Annually

	<ul style="list-style-type: none"> • Digital inclusion both devices and skills 					
5) LEGISLATIVE	<ul style="list-style-type: none"> • Need to deliver all aspects of the Scottish Housing Charter which affect services and other legislative changes e.g. changes to NOP's and Voids standards? • Fire safety legislation • SHR: increased scrutiny • Changes to pensions/NI requirements • New housing legislation • Employment law and other changes • Changes to working week • Changes in other regulatory areas (OSCR SPSO, FOI, GDPR) 	3	X 3	9	<p>Ensure Health and Safety Audits and checks are carried out timeously and ensure tenants are advised on Fire Risks in properties.</p> <p>Membership of EVH for guidance & Advice Customer survey's on-going</p>	As and when timetabled.

STRATEGIC RISK AREA	RISK	RESIDUAL RISK			CONTROL/ACTION	REVIEW FREQUENCY
		How Likely?	How Severe	Total Score		
6) ENVIRONMENTAL	Climate Change targets <ul style="list-style-type: none"> • Climate Change impact • Impact of raising standards for carbon emissions • EESSH 2/ Heat inbuilding targets • Neighbourhood satisfaction • Placemaking • 20-minute neighbourhood • Retrofitting existing housing stock 	3	X 3	9	3) Disaster recovery plan. 4) Innovative proposals and external funding.	Annually
7) COMPETITIVE	Drop in demand for rehab flats especially. Business failure due to inability to relet or bring in revenue.	3	X 3	9	Carry out appropriate investment to stock.	Annually

