Risk Management Strategy

Contents

1. Introduction

The purpose of the risk management strategy is to ensure that the Association has an appropriate and proportionate approach to dealing with risks associated with our operating environment.

This sets out our approach to risk management together with agreeing strategic risks and how these will be addressed.

2. Defining Risk

Risk can be defined as any event or action that prevents the Association from maintaining good performance and/or meeting pre-set targets, goals and plans contained within our Business Plan and Annual Performance Plan; and /or results in loss being incurred.

3. Approach to Risk Management

The Association's risk management strategy is fully integrated into our planning and performance framework. It links directly with our annual Business Plan and related objectives. In turn, the Business Plan is informed by our annual Strategy Review, where the Board decide on medium-term strategic objectives as well as specific priorities for the year ahead. Assessment of external environment and related potential risks is an integral feature of the annual Strategy Review.

The Risk Management Strategy covers:

- how we identify risk
- how we then assess these risks
- how we manage and control the risks
- and how we monitor and review risk

3.1 Risk Identification

Through the Strategy Review process, the Board considers possible **strategic risks** which could impact on the business, with advice from senior managers and expert external consultants.

In addition senior management undertake regular environmental scanning so that potential new strategic risk issues that arise between strategy reviews are brought to the Board's attention via appropriate Board reports.

Each directorate within the organisation has responsibility for identifying relevant **operational risks** against relevant business plan objectives and priorities. These risks are then clearly set out and prioritised within operational Risk Registers.

3.2. Risk Assessment

The Board evaluates a) the likelihood and b) the potential impact of each identified strategic risk, with scoring based on a on a risk matrix scale of 1 to 5 for likelihood and also 1 to 5 for severity. This results in a combined score for each risk, the lowest score being 1 (1X1, low likelihood, low severity), and the highest score being 25 (5 x 5, high likelihood, high severity), with colour-coding to assist clear identification of higher risks as per below.

Severity

Likelihood

Risk factor	**1 very low**	**2 low**	**3 medium**	**4 High**	**5 very high**
1. very low	1	2	3	4	5
2. low	2	4	6	8	10
3. medium	3	6	9	12	15
4. high	4	8	12	16	20
5. very high	5	10	15	20	25

3.3. Management and control of risk

The Board has responsibility for approving the risk management strategy and for ensuring appropriate control and monitoring arrangements are in place. The Board reviews strategic risks via the annual Strategy Review and the business planning process. The roles of the Board and the staff team in relation to risk management are summarised in Appendix 1.

For both strategic and operational risks, we have Risk Registers which identify a senior staff member as having responsibility for assessing and controlling the risk. For every risk, the Register will identify specific control measures and where no existing controls are in place or existing controls are considered inadequate, specific actions and related timescales are identified to address the risk.

3.4. Monitoring and review arrangements

Senior managers within the organisation are responsible for identification and control of operational risks within their respective functional

We will compare the Association's Risk Strategy and Risk Registers with those of peer Registered Social Landlords (RSLs) on an ongoing basis. We will also arrange evaluation of the Registers by the internal auditors on a bi-annual basis to ensure they meet current best practice and link directly and appropriately to our business activities and objectives.

The Board identifies, considers and agrees the **strategic** risks and associated register. The Executive Team will continually update proposed **operational** risks and controls. The individual Committees of the Association and Boards of the subsidiaries will have the relevant risk registers on their meeting agendas as a standing item. The Audit Sub-Committee on a quarterly basis will review various risk registers as part of its role in monitoring risk.

Monitoring and review arrangements are identified for each risk as appropriate within the Register, with individual senior staff responsible for taking forward. Risks will be added to the Register at any time, as new risk issues are identified via the annual business planning process and reports to the Board, and risk scores and actions can be adjusted as appropriate.

4. Strategic Risks

Strategic risk areas are risks which if they were to occur could have a significant adverse effect on the business and the successful delivery of our priorities. These have been grouped into various categories:

political	economic	social
technological	legislative	environmental
competitive	customer/ citizen	reputational/other

Examples of specific risk areas could include:

- political change, including a potential move to Scottish independence
- ongoing welfare benefit change and reducing household income
- economic climate (including unemployment and availability/ cost of loan funding)
- Changes to subsidy levels and cost of new-build/ mixed tenure development
- ageing population
- housing demand and competition for tenants across sector
- legislation on carbon / waste reduction, energy standards and factoring, with possible cost implications
- major health and safety failure / stock disaster
- major contractor failure/ collapse
- governance failure / lack of participation/ regulatory change

Each of these strategic risks is outlined in more detail within the appended Strategic Risk Register, Appendix 2. The attached appendix was updated from the discussions at the Board session on Business planning and risk. This will be updated on an annual basis.

5. Risk Across North Glasgow Group Structure

The Association has three subsidiary companies which provide services to the parent body. ng2 Ltd. undertakes close cleaning, lighting maintenance, environmental task force, void repairs and concierge services. NGPS Ltd delivers the Association's factoring service, and Design Services Glasgow Ltd provides agency services for design and build new-build contracts. The Association's risk management strategy also applies to the subsidiary companies and comprehensive risk registers have been developed for each subsidiary.

Appendix 1: Risk management roles and responsibilities

Board	To take overall responsibility for development, implementation and review of risk management strategy, and to oversee the effective management of risk by managers of the Association.
CEO	To ensure that risk management strategy is implemented on day-to-day basis and that risk is managed effectively across the Association. To develop and maintain the strategic risk portfolio for the Association.
Depute CEO's Directors Service Heads	To manage risk effectively in their particular service areas (e.g. housing management, housing maintenance, governance, etc.) by completing operational risk assessments and maintaining associated portfolios.
Employees	To manage risk effectively in their job.
Internal Audit / Finance	To ensure that risk management cycle is rigorously applied and that risks are being effectively managed as a result.