



RISK MANAGEMENT POLICY & STRATEGY DOCUMENT Version V5

Approved by Board: August 2025

Next review date: August 2028

CRAIGOWEN HOUSING ASSOCIATION (CHA)

RISK MANAGEMENT POLICY

1. Introduction

- 1.1. The Association aims to use risk management to take better informed decisions and improve the probability of achieving its strategic and operational objectives.
- 1.2. This document includes the Associations Risk Management Policy & Strategy for ease of reference. It sets out both the Associations approach to Risk Management (policy) and the approach to ongoing management of risk (strategy)
- 1.3. CHA is subject to a range of risks on a day to day basis. Many of these are well known and can be easily managed. The purpose of the Risk Management Policy, Strategy and Risk Register is to ensure that significant risks are identified, and plans are put in place to address these in the most appropriate and timely manner. The Risk Management Policy sets out CHA's definition, attitude and high-level policy to managing risk, including where responsibility lies within the Association.
- 1.4. The Risk Management Strategy defines how the Association's risks will be identified and assessed and the process used for addressing, monitoring and review. The Risk Register records significant risks and records the actions that will be taken to address these or to monitor as appropriate.
- 1.5. The Association also operates an Issues Log, which seeks to identify those subjects that may become issues and provides a mechanism to monitor them on an ongoing basis.

2. Definition of Risk

- 2.1. Risk is a fact of everyday life. No one can predict exactly how anything will turn out and therefore risk needs to be understood and managed. The definition of risk used by CHA is:

"The likelihood of an event occurring which could negatively impact on the Association's ability to operate effectively through undermining its financial viability, affecting the safety of staff and those living in our accommodation, undermining its plans or affecting its future in any other significant manner."

3. Attitude to Risk

- 3.1. CHA's Board of Management and senior management team accept risk as part of normal day to day operations and recognise that eliminating this completely would be virtually impossible. To make attempts to do so may in fact hinder the Association in achieving its strategic aims and objectives.
- 3.2. The Association will manage risk as follows:
 - Where risk can be managed cost effectively,
 - Where it is necessary to demonstrate good governance standards,

- Where it is necessary to meet legal or moral obligations, and
- Where managing a risk proves more costly than the potential damage to the organisation such risks will generally be monitored but no action will be taken.

3.3. The decision to monitor or act in relation to a particular risk will be based on:

- **Potential impact** – the extent to which it could negatively affect the Association's operations, its staff or tenants.
- **Probability** – the likelihood of a risk occurring.
- **Potential catastrophic risk** – where a particular circumstance could fundamentally undermine the Association or cause a major health and safety risk, such risks will be actively managed.

4. Response to Risk

4.1. The level of response to a particular risk will be dependent on its probability and potential impact. A range of possible responses may be applied:

- **Transfer or share the risk** – examples might include mitigating the financial consequences of a risk through insurance, partnership, etc.
- **Manage the risk** – putting in place procedures and controls to ensure that the risk is monitored and maintained within acceptable levels and that appropriate mechanisms exist to ensure that any changes are notified and addressed at an early stage.
- **Avoid the risk** – in the case of risks which are potentially catastrophic, the Association may choose to not undertake activities which give rise to the risk.
- **Modify the risk** – by changing how the Association operates, the overall level of risk can be reduced.
- **Contingency planning** – in the case of potentially catastrophic risks, Craigowen may choose to put in place a contingency or recovery plan to facilitate its continued operation in the event of such a risk occurring.
- **Accept and live with the risk** – where risks are considered very unlikely or of low potential impact CHA may accept these as inevitable and choose to deal with them as they arise.

5. Assessment of Risk

5.1. Risk assessment will be undertaken using a detailed procedure which is set out in the Risk Management Strategy. This will involve the following key steps:

- Over an agreed period, identifying significant risks and assigning them to individual staff members
- Assessing risks by considering:
 - ◊ The implications of their occurrence
 - ◊ The potential effect on health and safety of staff or tenants
- Their impact on the Association's ability to develop
- Risks that are considered to be significant will be entered in the Risk Register
- Risks entered in the Risk Register will include a specific plan to address these, along with ownership and timescales
- The Risk Register will be reviewed at both FARC and Board meetings
- The Issues Log will be monitored at both FARC and Board meetings

6. Risk Ownership

- 6.1. CHA believes that the identification and management of risk is the responsibility of all staff. However, specific individuals will be responsible for addressing particular risks and for managing and reviewing these. All staff are expected to make their line manager aware of any risks which they identify and where considered appropriate by the Finance, Audit and Risk Committee, these will be entered in the Risk Register. The board of CHA has a number of committees involved with specific areas of business, the committees may also identify risks which will be referred to the general manager and where considered appropriate by FARC, these will also be included in the risk register.

7. The Board of Management

- 7.1. CHA's Board of Management will ultimately be responsible for risk management; it will have little day to day input. The Board of Management's responsibilities will include:
- Ensuring that an appropriate up to date Risk Policy is in place and establishing (FARC) to address matters relating to work.
 - Approval of the Risk Management Strategy and Risk Register at each meeting
 - Annual review of the risk management process
 - Ensure senior management compliance and appropriate action where necessary.

8. General Manager

- 8.1. The General Manager will:

- Manage key risks on a day to day basis and personally ensure that these are managed and assessed with records/procedures updated as appropriate.
- Review all key risks on a regular basis and monitor the performance of other members of staff responsible for managing all remaining risks.
- Report to the Board of Management on a quarterly basis in relation to risk management or "by exception" where specific risks have changed substantially and are considered to be of significant threat to the Association.
- Oversee the preparation of a Risk Management Action Plan and report to the FARC on progress.

9. Senior Staff

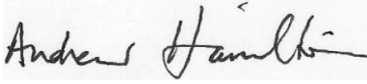
- 9.1. Responsibility for specific risks will be designated and senior members of the staff team will be expected to carry responsibility for managing these in agreement with the General Manager. These will include:
- Management of risk through monthly procedures and staff appraisal.
 - Provision of timely reports to the general manager in relation to risk management
 - Raise awareness of any new risks that have been identified and require action.

10. Reporting Risks

10.1. Risk management will be considered as a core element of good governance. As such, risk management will be addressed as a key issue in any strategic plans to help ensure that the organisation is run effectively. Risk management will also be reviewed as part of any strategic review process. Policies and procedures will be reviewed on an annual basis by the general manager and Board of Management. The general manager will also review key risks on a regular basis with the relevant staff responsible.

11. Review: Next review will be in 3 years' time - August 2028.

Agreed at the Board meeting on: 27 August 2025

Signed:  _____

Chair

Signed: _____
General Manager

CRAIGOWEN HOUSING ASSOCIATION (CHA)

RISK MANAGEMENT STRATEGY

CHA has generally adopted the appropriate recommendations of the "Orange Book, Management of Risk, Principles and Concepts (HM Treasury 2023)" and of the "Guidance for Charities and Risk Management (Charities Commission 2010)" in the formulation of its Risk Management Strategy.

1. INTRODUCTION

1.1. CHA recognises the value and importance of a risk management strategy.

1.2. This risk management strategy is built upon the following fundamental principles:

- : it recognises that ultimate responsibility for risk management lies with the governing body;
- : the management of risk is a continuous process involving regular monitoring and where necessary re-tuning and;
- : the management of risk should be subjected to external scrutiny on a periodic basis.

DQ 1 – some of the content of the strategy is reflective of a larger organisation (reference to “series of Risk Registers”(1.3) and “Individual registers for significant one-off projects” (3.1). Given the size of the Association should these references be amended to reflect the single register currently used.

1.3. We aim to empower staff to manage and mitigate risks and track this through the Associations risk register. We aim to ensure that Risk Management is understood throughout the Association **DQ 2** Is this the Associations responsibility, and is applied positively across the business on a daily basis.

2. RISK APPETITE

2.1. The Board of Management is responsible for setting and monitoring risk appetite and tolerance. This involves the Board defining a high level statement on its attitude to risk taking and risk management. As the risk appetite statement is a prospective intent it will be formally reviewed at least once a year as part of the review of strategy/business plan and will be included in the annual review of the risk management process. The current Risk Appetite Statement is included at Appendix 1.

3. RISK REGISTER

3.1. The risk management process includes a risk register for all operational areas and an issues log for the purposes of monitoring those issues that are significant but have not yet become risks..

3.2. The risk register will cover all aspects of the Association’s business, to include:

- Governance

- Financial
- Operational
- Strategic perspectives.

3.3.

4. **EVALUATION OF RISK**

- 4.1. The Risk Register acts as a tool for highlighting any potentially high risks areas to the Board.
- 4.2. Risks are escalated to the Risk Register when they are deemed to be a significant risk to the Organisation through using Officers' professional judgement.
- 4.3. A risk may be included on the Risk Register because of a high risk score, but also because of an expected trend or outcome. It is important to ensure that the Board does not have any "surprises" and are well informed as to the key risks and their management/mitigation.
- 4.4. The risk assessment process focuses on the inherent risk i.e. the risk before the effects of the control measures are considered and Residual Risk - current assessment i.e. the risk after the effects of the controls or mitigating actions.
- 4.5. As well as documenting the controls already in place, the register also contains an important section for other action which may be required to further mitigate the risk. The Residual Risk - anticipated assessment sets out the risk after further mitigating actions and controls are put in place.
- 4.6. The risk assessment process is split into three categories for assessing the impact:
 - Reputational - Employee, public, media or Regulator attention
 - Business - impact on objectives, statutory tasks or services to customers
 - Gross Financial
 This means that all aspects of the risk are considered each time it is reviewed or when a new risk is added to a register.
- 4.7. All staff have a responsibility for recognising risks as they arise and highlighting them as appropriate.
- 4.8. The risk register structure is:

Strategic & Key Risk Register Contains narrative detailing high risks, inherent risk and residual risk, controls, assurances and action being taken etc. Reviewed by: General Manager (monthly), FARC and Board (Quarterly).

DQ 3 – If the approach outlined in DQ 1 is accepted the text box below will be deleted.

One Off Project Risk Registers:

- E.g. Welfare Reform
- Implementing a specific project from a strategic objective

(Anything that requires a specific project team or becomes a project of a strategic focus group will require a risk register)

Responsible Officer:

Project Group Leader

Reviewed By:

Project Group

Frequency: Each meeting. Key strategic risks to be reported quarterly to Chief Executive

5. EVALUATION OF RISK

- 5.1. The Risk Register sets out details of risks and for each risk, the 'inherent risk' i.e. the risk before the effects of the control measures are considered and 'Residual Risk - current assessment' i.e. the risk after the effects of the controls or mitigating actions.
- 5.2. As well as documenting the controls already in place, the register also contains an important section for other action which may be required to further mitigate the risk. The 'Residual Risk - anticipated assessment' sets out the risk after further mitigating actions and controls are put in place.
- 5.3. Scores are on a 4 x 5 matrix for probability and impact, and are applied as follows:

Measurement of Likelihood

1	Rare	<i>Extremely unlikely to happen/recur- may occur only in exceptional circumstances - has never happened before and don't think it will happen (again)</i>
2	Unlikely	<i>Unlikely to occur/reoccur but possible. Rarely occurred before. Approx. once per year. Could happen at some time</i>
3	Possible	<i>May occur/reoccur. But not definitely. Happened before. Occasionally. Twice in a year.</i>
4	Very Likely	<i>Will probably occur/reoccur. Has happened before but not frequently - several times a month. Will occur at some time.</i>
5	Almost certain	<i>Continuous exposure to risk. Has happened before regularly and frequently- is expected to happen in most circumstances. Occurs on a daily basis</i>

- 5.4. A 'heat map' approach has been adopted to illustrate the assessment of risk by increasing the weighting of impact. This works on a scoring of XY where X is likelihood and Y is impact. This formula multiplies impact with likelihood. The Heat Map is attached below.
- 5.5. It should be remembered that risk scoring often involves a degree of judgement or subjectivity. Where data or information on past events or patterns is available, it will be helpful in enabling more evidence-based judgements.

Risks	Red Zone: Must Mitigate Amber: Mitigate if possible Green: Acceptance Level			Likelihood: over a 1 year horizon					
				Rare	Unlikely	Possible	Very Likely	Almost Certain	
Incidents	Amber and Red Risks reported to FARC and Board. New incidents assessed as Red are escalated to Chair of Board and Chair of FARC			5%	25%	50%	75%	95%	
				1	2	3	4	5	
Impact	Reputational	Business	Gross Financial						
Very Severe	Widespread negative employee, public, media, regulator attention	Business objectives, statutory tasks or services to customers can't be met	> £500k	4	4	8	12	16	20
High	Negative employee, public, media, regulator attention	Business objectives, statutory tasks or services to customers partially fail	£100k - £500k	3	3	6	9	12	15
Medium	Potential for negative employee, public, media, regulator attention	Some disruption or potential for major disruption to operations or services to customers	£10k - £100k	2	2	4	6	8	10
Low	Low employee, public, media, regulator attention	Minor disruption to operations or services to customers	< £10k	1	1	2	3	4	5

6. MANAGING THE RISK

- 6.1. The General Manager is responsible for keeping the register up to date on a monthly basis.
- 6.2. Incidents and Risks are captured by staff and any Amber or Red risks or incidents are reported to FARC and Board at quarterly meetings.
- 6.3. Any serious incidents/risks i.e. Red Risks will be mitigated immediately (where practical) and referred to the Chair of FARC and Chair of the Board in between meetings. A serious incident is: An event which had or could have had (near miss) a significant negative impact and lead to significant business disruption, reputational and/or financial loss.
- 6.4. The action to be taken following identification of risk score is as follows:

GREEN - ACCEPTANCE LEVEL	AMBER - MITIGATE IF POSSIBLE	RED – MUST MITIGATE
Control measures are in place. Risk is monitored however considered insignificant to day to day work and the ongoing future of the function.	Significant probability that major harm will occur if control measures are not implemented. Urgent action is required.	Where appropriate stop all action IMMEDIATELY. Inform Chair of FARC and Chair of the Board.

	Consider stopping procedures. Actions to be monitored by Board until in control. Review monthly by General Manager.	Controls to be implemented immediately and monitored by Board until risk score reduced Review weekly by General Manager.
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- 6.5. When an action required has been fully implemented/ completed, it should transfer across to become part of the "current controls" section on the risk register.
- 6.6. Risk registers should be living documents and should not become "clogged" with old risks that are mitigated or no longer relevant to the business.
- 6.7. The Strategic Plan and Business Plan will be cross referenced to the risk registers by the General Manager.

7. ASSURANCE

- 7.1. The Association's Internal Auditors play a key role in risk management. The Audit Plan is compiled in conjunction with the Risk Register and specific audit objectives are agreed in conjunction with the relevant risks. The Internal Auditors also carry out a review of the Risk Management arrangements on a cyclical basis. This review considers the arrangements to integrate risk management into business planning and the internal controls assurance framework and is reported to FARC so that they can gain comfort in the risk management process and challenge it accordingly. (Note that the scope of this review does not include providing assurance that all the business significant risks have been correctly prioritised.

8. **REPORTING**

Reporting the Risk Registers - Programme for 2025/26

Level	Responsibilities	Frequency	Dates
Board	Review Risk Register and commentary report.	Quarterly	
	Approval of Risk Management Strategy and Risk Appetite Statement	Annually	TBA
FARC	Review of Annual Statement on Effectiveness of Internal Controls (tie in with annual review of fraud risks)	Annually	TBA
	Review and input to the Internal Auditor's Annual Plan of reviews of controls/risk assessments	Annually	Xxxx TBA xxxxx
	Review Internal Auditor's report	Annually	Once complete
Strategic Focus Groups	Review of relevant project risks	At each meeting	At relevant project-focused meetings
General Manager	Preparation of Annual Statement on Effectiveness of Internal Controls	Annually	FARC Date TBA Board Date TBA
	Group Finance Director to brief CEX of any emerging fraud risks within the Group and review of controls associated with financial services provided under SLA		
	Management of risks including monitoring progress of necessary action	Continuous	
	Reviewing, updating and maintaining their risk register	Monthly	
	Communication with staff re risk management and encourage staff to highlight risk areas and possible solutions	Continuous	
	Ensuring adequate, up to date risk assessments are carried out	Continuous	
Internal Auditors	Oversee process and give advice and guidance	Ongoing	
	Assist with monitoring of action taken including testing of controls during audit reviews	Ongoing	
	Production of Internal Auditor's Annual Plan of reviews of controls/risk assessments	Annually	FARC Date TBA
	Periodic internal audit review of key risks, the process for reporting and their controls in place.	Cyclical	FARC Date TBA
All Staff	Have a responsibility for recognising risks when they occur and highlighting as appropriate.	Continuous	

CRAIGOWEN HOUSING ASSOCIATION (CHA)**RISK APPETITE STATEMENT**

Responsibility for the entirety of the risk management process lies with the board. The association's risk appetite sets out the level of risk the board is prepared to take in relation to each risk category.

Risk categories

Financial/Rental Income risk: Any reductions in income from rental properties or supporting people payments paid to the communities from the department could have financial implications for the association.

Risk Appetite: CHA will continue to monitor the financial environment it operates in, understating there may be need for some flexibility due to ongoing pressures on government finances.

Statutory/Legal/Regulatory risk: Non-compliance with statutory, legal and regulatory obligations may result in financial loss and/or reputational damage.

Risk Appetite: CHA will meet in full (both to the spirit and letter) the statutory, legal and regulatory frameworks we operate under.

Data Security risk: Any data breach or technological disruption, whether caused by internal or external source, may result in Financial loss and/or reputational damage

Risk appetite: CHA has no tolerance for the loss of, or otherwise unauthorised or accidental disclosure of, customer or other sensitive information.

Housing Management risk: Failure to maintain our properties to a minimum standard could have regulatory implications, potential for financial loss and reputational damage.

Risk appetite: CHA will continue to operate a full programme of planned maintenance, developed with the communities and a response maintenance programme as needed.

Governance/Operational Control Risk: failure to operate a robust governance process and overall system of operational control could result in the long term failure of the business and associated finance & reputational damage.

Risk appetite: CHA will continue to operate a full suite of operational controls/policies.