

KNOWES HOUSING ASSOCIATION LTD	
Policy Name	Risk Management Policy and Plan
Policy Category	Governance
Policy Number	G07
Date to Finance Sub Committee	March 2021
Previous Review	October 2017
Next Review Date	March 2024
Links to other Policies	All policies and procedures in place by KHA
Consultation	Management Team/Committee

POLICY AIMS AND OBJECTIVES

Knowes Housing Association is aware that some risks will always exist and will never be eliminated.

The Association recognises that it has a responsibility to manage hazards and risks and supports a structured and focused approach to managing them by approval of the risk management plan.

In this way the Association will better achieve its corporate objectives and enhance the value of services it provides to the community.

The Association's risk management objectives are to:

- Integrate risk management into the culture of the Association
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the Association's delivery of services

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Association for risk management
- Providing opportunities for shared learning on risk management across the Association
- Offering a framework for allocating resources to identified priority risk areas
- Reinforcing the importance of effective risk management as part of the everyday work of employees by offering training
- Incorporating risk management considerations into reviews of services
- Monitoring arrangements on an on-going basis

RISK MANAGEMENT PLAN

1. INTRODUCTION

1.1 Risk Management is the systematic identification, evaluation, cost-effective control and monitoring of those risks which threaten the personnel, assets and reputation of Knowes Housing Association and consequently its ability to survive.

1.2 In assessing risk we have to consider the probability of any hazard occurring which may result in business objectives not being achieved

1.3 Knowes H.A. recognises two main types of risk which may affect organisational objectives:-

- Strategic Risks – those which affect the long/medium term goals of the business.
- Operational Risks – those risks which employees and managers will encounter in the daily course of their work.

2. OBJECTIVES OF KNOWES H.A. RISK MANAGEMENT PLAN

The objectives of this Risk Management Plan are as follows: -

2.1 To enable better decision making with regard to Knowes' operational objectives and goals.

2.2 To increase the ability to deliver a service which is effective, efficient and economic.

2.3 To improve financial management.

- 2.4 To minimise service disruption.
- 2.5 To minimise the cost of damage to Knowes H.A. and also reduce insurance premiums.
- 2.6 To reduce the likelihood of injury to employees, clients or members of the public.
- 2.7 To prevent damage to property and equipment.
- 2.8 To avoid criminal or civil action against Knowes H.A.
- 2.9 To secure the reputation of the organisation
- 2.10 To improve staff morale.
- 2.11 To define staff roles and responsibility for risk identification and management

3. RISK IDENTIFICATION

- 3.1 **If informed decisions are to be made then it is crucial to identify the hazards and risks facing the organisation. The risks associated with these decisions can then be effectively managed.**
- 3.2 The tables following this plan detail Knowes' risk maps which identify the risks affecting Knowes H.A. main operational areas – Governance, Housing Management, Repairs and Maintenance, Development, Wider Role activities and Finance.
- 3.3 Within each operational area some of the risk categories overlap and therefore have not been included twice.

4. RISK ANALYSIS

- 4.1 **The risks affecting Knowes' continued operation are identified in the tables in Appendix 1. Once the risks are identified it is necessary to analysis the scale of risk involved in each operational activity. This is based on the consideration of both the likelihood of the risk event occurring and the severity or impact of the consequences. In analysing the scale of the risk the following generic definitions of risk are used: -**

GREEN/LOW (L).

4.2 These are risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences they will have a negligible effect on service provision. However if action is not taken then such risks may have a more significant cumulative effect. For example – repairs not being done on time, minor acts of vandalism, minor employee accidents.

AMBER/MEDIUM (M)

4.3 These are risks that have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget. They are likely to happen infrequently and are difficult to predict. More than one medium loss each year can have substantial consequences for services provision. Examples include systems failure, major storm, etc.

RED/HIGH (H)

4.4 These are the types of risks that have a catastrophic effect on the operation of the organisation and on the service provision. This may result in significant financial loss, major service disruption or a significant impact on the tenants. They usually come infrequently and are extremely difficult to predict. Examples might include total destruction of Knowes' office by fire or explosion, massive floods, or major fraud or breach of legislation.

Risks will be categorised by a numeric value which is the likelihood of the risk happening multiplied by the impact the risk will have on the organisation. Therefore each risk identified will be given a number on each scale. Please see the matrix below for the categorisation of risk:-

Risk matrix:-

Likelihood	Almost certain	5	10	15	20	25
	Very high	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Negligible	Low	Medium	Very high	Extreme
<i>Impact</i>						

For the purposes of control and monitoring of risks, Knowes will concentrate on those risks which fall into the amber and red categories above.

Responsible person

4.5 This is the key member of staff responsible for controlling the risk on a day to day basis. This will usually be a member of the management team or delegated to a staff member in the appropriate area.

5. RISK CONTROL

5.1 Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. There are three main categories for controlling risk.

5.2 Avoidance

- Risk avoidance involves the organisation opting not to undertake a current or proposed activity because it has been identified as too risky. For example, Knowes may choose not to develop on a piece of land where plans show the land to be unsuitable or funding is not sufficient to cover costs.

5.3 Reduction

- Risk reduction is dependent on implementing projects or procedures that will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur. These actions fall into one of two categories: -
 - Pre loss reduction – actions aimed at reducing the likelihood of a damaging event occurring. For example: - internal controls over cash taken and cheque signatories, staff health and safety manual, etc.
 - Post-loss reduction - actions aimed at reducing the consequences of the damaging event should it occur. For example: - procedures for harassment, neighbourhood disputes and anti-social behaviour.
- In Knowes' operational activities risk reduction is by far the most common and effective method employed. Knowes policies and procedures, put into practice and reviewed regularly, are primarily meant to reduce the likelihood of a risk event occurring and limit the severity of the consequences should it occur.

5.4 Transfer of risk

- Risk transfer involves transferring liability for the consequences of an event to another body. For example, Knowes will always ensure that our approved contractors have the proper insurance for public liability, etc; or taking out appropriate insurance with external insurance agencies can reduce the costs of a damaging event, such as a major flood or fire.
- Appendix 1 shows the control actions which are being taken under each category of risk.

6. RISK MONITORING/REPORTS/FURTHER ACTION REQUIRED

- 6.1** It is not enough to agree the risk control action. Knowes H.A. has to monitor the effectiveness of the action in controlling the frequency and severity of risk events. Knowes must also monitor how the risk has changed over time. The reporting mechanism, frequency and further for action are given in the tables in the attached risk maps.
- 6.2** The committee and senior staff of Knowes must also liaise regularly with their auditors – both internal and external – to ensure that audit review points are acted upon. Inputs and resources required to support the work of risk management should be agreed at the annual budget process..
- 6.3** The management team is responsible for managing risk effectively in their particular service areas and to undertake risk assessments on a regular basis. Feedback of the effectiveness should be given at Management team meetings and Committee meetings.

- 6.4** Every individual employee within Knowes is responsible for managing risk effectively within their own job, to follow policies and procedures in place and to report back on the effectiveness of the risk management strategy to their managers.
- 6.5** The roles and responsibilities within Knowes H.A. can be summarised as below

RISK MANAGEMENT RESPONSIBILITIES WITHIN KNOWES

- 6.6** Overall responsibility for Risk Management lies with the Committee of Management.
- 6.7** The Committee of Management have given delegated responsibility for identifying, monitoring and controlling Strategic and Operational risks to the Director, the Head of Finance, the Housing Manager and the Property Services Manager.
- 6.8** The Head of Finance has responsibility to review the Risk Management Policy and Plan which will be submitted to the Management Committee for review and approval every three years.
- 6.9** Risk Maps will be the responsibility of the Director, the Head of Finance, the Housing Manager and the Property Services Manager to identify, classify and put in place controls for all risks within their areas of operation. These risk maps will be updated and presented to the Management Committee at least once a year. The Risk Maps will contain an action plan which will address any gaps in controls over existing risks or the controls for new risks arising.
- 6.10** The actual work of implementing the controls may be given to appropriate members of staff within the divisional teams but the overall responsibility for ensuring that the controls are being carried out is the manager leading each team. They shall ensure policies and procedures are in place which address the risks and reports in place to monitor the controls.

7. CONCLUSION

- 7.1 Risk Management is integral to both policy planning and operational management. This plan, in conjunction with the Knowes' Business Plan, the Schedule of Internal Controls and all the policies and procedures, enables Knowes to take both a strategic and operational approach to risk identification and management.**
- 7.2 This plan also clarifies the roles and responsibilities of the committee and staff for risk identification and management.**
- 7.3 The committee is asked to review and agree this Risk Management Plan.**

7.4 Risks maps are as per Business Plan and updated annually as part of the business planning process.

