



Title: Risk Management Policy

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To seek approval from the Board of a Risk Management Policy.

Background

2. The Board, at its meeting on 19 March 2015, approved an updated Operational Risk Register.
3. Although an Operational Risk Register is in place, no formal Risk Management Policy has been in place in relation to Keelman Homes. The TGHC Risk Management Policy has previously been adopted.
4. As part of its review in March 2015, the Internal Audit Service has now recommended the introduction of a specific Keelman Homes Risk Management Policy.

Risk Management Policy

5. A new Risk Management Policy is attached as the Appendix to this report.
6. The policy provides the framework within which Keelman Homes will manage the risks associated with the provision of its wide range of services.
7. Risk management, performed rigorously and comprehensively, creates stability, contributes to the achievement of the company's strategic objectives and enhances the value of the services it provides to the community.
8. The Lead Officer will periodically review the risk register to identify emerging risks and recommend to the Board any risks that should be escalated.

Impact on tenants

9. Failure to identify and manage risk could have a significant impact on tenants.

Risk Management Implications

10. The risk management implications are identified in the Risk Management Policy attached as an appendix to this report and in the operational risk register.

Financial Implications

11. Failure to identify and manage risk could have a significant impact on the financial position of Keelman Homes.

Equality and Diversity Implications

12. There are no equality and diversity implications arising from this report.

Value for Money implications

13. Efficient and effective control measures in place should reduce significantly the likelihood and impact of the risks occurring.

Health Implications

14. There are no health implications arising from this report.

Environmental implications

15. There are no environmental implications arising from this report.

Consultation carried out

16. It has not been necessary to carry out any consultation when compiling this report.

Recommendations

17. It is recommended that the Board approve the Risk Management Policy.



RISK MANAGEMENT POLICY

RISK MANAGEMENT POLICY STATEMENT

Keelman Homes (the Company) will adopt the principles of risk management to protect the health, safety and welfare of its employees and the people it serves, to protect its property, assets and other resources and to maintain its reputation and good standing in the wider community.

The Company aims to provide new housing in Gateshead and to provide housing management services for tenants and other registered providers in this area, all of which give rise to some level of risk. We are fully committed to regularly identifying and assessing these risks and taking appropriate action to prevent, or minimise their impact on service delivery. In this way the Company will better achieve its corporate objectives and enhance the value of the services it provides to the community.

The Company's risk management strategy objectives are to:

- Integrate risk management into the culture of the Company
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental, economic and legislative risks – including opportunities as well as threats
- 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 delivery of services
- Support sustainable improvements in service and the achievement of best value

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Company for risk management
- Providing opportunities for shared learning on risk management across the Company
- 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 through training
- Monitoring risk management arrangements and seeking opportunities through effective risk management, on an ongoing basis

RISK MANAGEMENT POLICY

General

1. This Policy provides the framework within which the Company will manage the risks associated with the provision of its wide range of services.
2. Risk management, performed rigorously and comprehensively, creates stability, contributes to the achievement of the company's strategic objectives and enhances the value of the services it provides to the community.
3. Where the Management Team, Heads of Service or other employees are referred to, these include the employees of Keelman Homes and the employees of The Gateshead Housing Company (TGHC) who have been given authority to act on behalf of Keelman Homes.

Definition

3. The Audit Commission's paper "Worth the risk" defines risk as the following: -

"The threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements."

When does Risk Management apply?

5. Risk management will apply throughout the Company's operations and strategic objectives, the following situations are examples of where risk management is essential: -
 - Making corporate, strategic and service planning arrangements
 - Priority setting
 - Developing policies and supporting strategies
 - Planning service delivery and operational activities
 - Considering new legislation
 - Project planning and managing
 - Procuring or undertaking options appraisals
 - Partnership and joint working arrangements
 - Performance management framework

Benefits of Risk Management

6. There are a number of benefits which can be gained through an effective and robust risk management process: -
 - Enabling future activity to take place in a consistent and controlled manner
 - Improving decision making, planning and prioritisation by the use of a comprehensive and structured understanding of business activity, volatility and project opportunity/threat

- Contributing to more efficient use of capital and resources within the organisation
- Reducing volatility in the non-essential areas of the business
- Protecting and enhancing assets and Company image
- Developing and supporting people and the organisation's knowledge base.
- Optimising operational efficiency

Risk types

7. **Strategic risks** - those which are critical to the direction of an organisation. Strategic risks may be driven by government policy, competition or a change in stakeholder requirements.
8. **Operational risks** - those which are encountered during the day to day running of the Company.
9. **Specific project risks** - will also be identified and managed through the project management process and will be recorded within the operational risk register.

Risk Register

10. Risk registers will be maintained by the Lead Officer and approved by the Keelman Homes Board.
11. An example of the template risk register which is used is shown at Appendix 1.

Risk Scoring

12. The risks are prioritised based on likelihood and impact using a traffic light system.

Likelihood

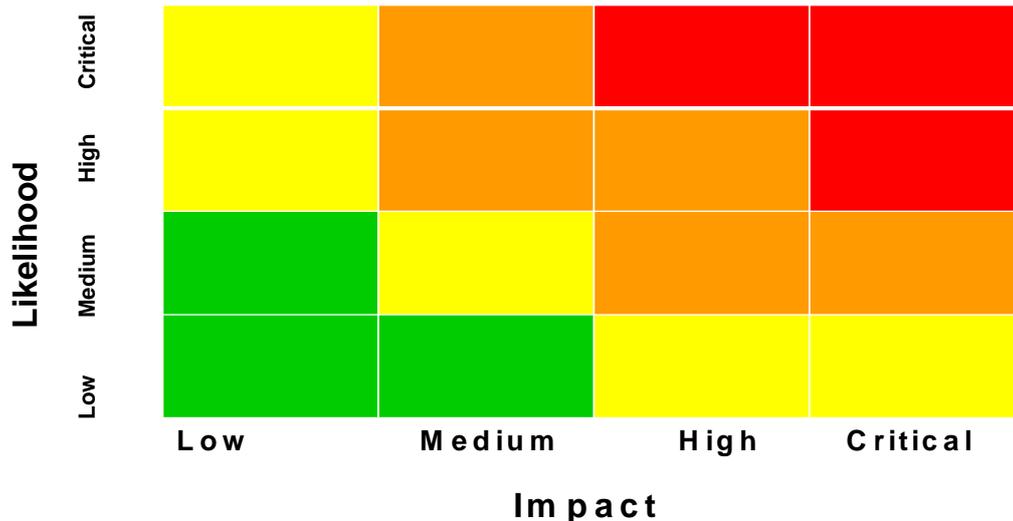
| Scoring | Definition | Timing of occurrence |
|---------|----------------|------------------------|
| 4 | Almost certain | Less than 3 months |
| 3 | Likely | 3 – 6 months |
| 2 | Moderate | 6 – 12 months |
| 1 | Unlikely | In excess of 12 months |

Impact

| Scoring | Definition | Example of impact |
|---------|------------|---|
| 4 | Critical | Total service loss for significant period Fatality Financial loss over £200,000 Government / Council intervention |
| 3 | High | Significant service disruption Major/disabling injury Financial loss over £50,000 Adverse national media coverage |
| 2 | Medium | Service disruption Loss time injury Financial loss over £25,000 Adverse local media coverage / lots of service user complaints |

| Scoring | Definition | Example of impact |
|---------|------------|---|
| 1 | Low | Minor service disruption / short term inconvenience Minor injury Financial loss under £25,000 Isolated service user complaints |

13. The following four scale matrix demonstrates how the risks will be assessed using the traffic light system: -



Cost Effectiveness of Future Actions

14. When reviewing the risk register, future actions and timescales will be identified.
15. A residual likelihood and impact score, after the future actions have been implemented, will be identified. In addition, this will also include details of the cost effectiveness of implementing the future actions, where relevant, to highlight that they offer value for money.

Risk Identification

16. It is the responsibility of the Board and every risk owner within the Company to identify emerging risks. Risk management should be integrated into the culture of the Company.
17. The next section identifies how this process will be managed and monitored.

Monitoring of Risks

The Board

18. The risk registers will be scrutinised by the Board at least once a year.

Lead Officer

19. The Lead Officer will periodically review the risk register and recommend to the Board any risks that should be escalated.
20. The review will include but not be limited to: -
 - A gap analysis of the organisations functional risks which are not covered by the risk register
 - Challenge to the officers to ensure that scoring is accurate and consistent and that prioritisation is appropriate
 - To ensure that mitigating actions which were proposed have been undertaken or that appropriate revised timescales have been provided
21. The Lead Officer is responsible for implementation of this Policy.
22. The Lead Officer will submit the risk register to the Board within the timescales outlined above.

Risk Owners

23. Risk owners will be responsible for updating their risk register every six months and identifying any new risks. Risk owners will be requested to report on progress as required.

How to Treat a Risk

24. There are potentially four ways that a risk should be treated: -
 - Tolerate – Done enough, cannot do anymore, monitor risk closely
 - Transfer – Try to move the risk to another organisation, for example outsourcing, insure against risk
 - Terminate – Stop doing the activity
 - Treat – Put in place additional controls and monitoring arrangements
25. These decisions will be taken at the appropriate level of the governance structure depending on the severity of the risk.

Training

26. Those involved with the risk management process will receive appropriate training and periodic refresher training.

Internal Audit

27. Periodically, risks will be reviewed and tested by internal audit. Any changes or discrepancies noted will be updated on the relevant risk register by the Risk Manager.

Responsibility

28. The responsibility for the implementation of the Policy is as follows:-

- The Lead Officer will make the necessary arrangements to facilitate the implementation, monitoring and auditing of the Company's Corporate Risk Management Policy
- The Lead Officer will be responsible for identifying emerging risks, assessing significant risks arising from service activities and for reporting all new and amended risks to the Board
- All risk owners have a responsibility to implement and monitor adherence to the policy in the everyday activities of their specific service areas

Evidence of Compliance

29. Compliance will be evidenced by: -

- The existence and implementation of a Risk Management Policy
- Related policy statements and documented procedures
- A Risk Register for all of the Company's activities
- Minutes from the Keelman Homes Board
- Internal Audit reports

Communication

30. The Policy will be published on Keelman Homes Internet site and the TGHC Intranet.

Review of Policy

31. The Policy will be reviewed and updated periodically.

