Subject:	**Trafalgar Risk Management Policy**		
Committee:	**Management Committee**		
Approval Date:	**2nd March 2022**	**Review Date:**	**March 2024**

1. POLICY OUTLINE

Trafalgar Housing Association is committed to maintaining the long-term health of the Association in terms of financial stability, management of resources and the quality of service provision. Trafalgar recognises that risk is an inevitable part of its work; however, will seek to proactively identify, understand and manage risk to encourage a responsible and informed approach to risk.

Effective risk management optimises the balance between risk and control.

2. DEFINITION OF RISK

Risk is the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events which could adversely affect Trafalgar's ability to achieve its corporate objectives.

3. RISK APPETITE

On an annual basis, Management Committee members should come together to define risk appetite for each of the categories described in Section 7.

The Association's risk appetite will be reflected in this policy via the Assessment and Evaluation of Risk section (section 8). All risks are measured on the basis of impact of the risk crystallising and the likelihood of this happening. This results in a "risk score" (the product of the impact score and the likelihood score)

In advance of the Management Committee defining the appetite it is recommended that those risks that result in a score below 7 are classified as Low and are deemed acceptable risks where no action is required. Any score between 7 and 14 falls into the moderate to significant range and whilst being acceptable require management action. Risks scoring 15 and above in the high to very high category are on the upper limit of the Association's risk appetite and could, if not mitigated or controlled prevent the Association from achieving its objectives.

4. RISK MANAGEMENT PROCESS

4.1 The management of risk is an ongoing and iterative process that is linked to the annual business cycle of the organisation. Appendix 1 sets out the risk management framework and timetable for implementation of risk management.

5. ROLES AND RESPONSIBILITIES

The Management Committee has responsibility to promote effective risk management through the adoption of a robust risk management framework to support the identification, management and review of key risks.

Any new risks or significant change in the register between each report then this must be brought to the attention of the Management Committee.

The staff team has responsibility for implementing the risk management process through:

- annual risk appraisal and production of a risk map
- management and control of risks through action plans
- monitoring and reporting through quarterly reports to the Management Committee on progress
- risk appraisal of new projects or business

Staff have a responsibility to undertake work to effect robust risk management. Risk management will be embedded throughout the organisation through the staff development system. Actions to mitigate risk should be part of staff development conversations where the staff member has a lead role or responsibility for taking the agreed action.

Risk Appetite

A Risk Assurance Map will be prepared which will provide the Management Committee with improved clarity on the sources of assurance around each of the strands of governance. This will be produced with the staff and the Management Committee and with external support if required. This will assist officers in the practical application of this policy and when bringing forward proposals/projects.

It is the role of the staff team to facilitate the overall risk management process. This will ensure that the following actions are undertaken:

- identification and prioritisation of risk
- preparation of action plans, risk maps
- formal reporting of risk and progress with action plans on a quarterly basis to the Management Committee

Reporting to Management Committee

A covering report will accompany the Strategic Risk Register to be presented at each quarterly meeting of the Management Committee. This covering report would identify any residual risks which are above the Management Committee's agreed risk appetite and would also outline the management action required to bring the residual risk down to a level which is acceptable to the Management Committee.

The Director will be the lead officer for oversight of this policy and process.

6. RISK MANAGEMENT REPORTING

The following reports on risk management will be prepared:

- review and update of Risk Register at each Management Committee meeting
- quarterly progress reports on action plans
- ad hoc reports as requested on new business or projects

7. RISK MANAGEMENT PROCEDURE

Identification of Potential Risks

In identifying potential risks, the aim is to identify as many risks as possible which could impact on the Association and narrow these down to the major risks through a process of assessment and evaluation. However, identification of potential risks is the key task in risk management. To provide a more structured approach to risk identification and analysis, a template has been prepared, see Appendix 2.

Using this template potential risks are identified against the undernoted eight key areas:

- Compliance - anything relating to achieving compliance with legislation e.g. H&S, Gas Safety, Accounting Determination etc.;
- Regulatory - anything relating to meeting the requirements of the regulator, e.g. regulatory code of governance, SHR, FCA, OSCR etc.;
- Financial - those risks that have a financial element to them;
- Custodial - those risks where there is a civil law element, security over assets, treasury etc.;
- Strategy and planning - all matters affecting strategic outcomes from specific points in connection with a five-year plan from staff planning to investment in new technology;
- Operational - relating to day to day activities such as planned maintenance, voids, arrears, allocations etc.;
- Communication - anything relating to internal communication to staff, tenants, management or members and communication outside of the association to stakeholders such as SHR, contractors, communities etc. - this could include everything from tenant participation to a new arrears policy.

8. ASSESSMENT AND EVALUATION OF RISK

Once risks have been identified, consideration must be given to the likelihood of the risk occurring and its impact on the Association both financial and non-financial.

Likelihood: this assessment is based on a subjective judgement of how likely it is that the risk will happen, and therefore will be reliant on the knowledge and understanding of staff.

Impact: this relates to how a risk would affect the organisation from a financial, regulatory and reputational perspective and affect service delivery and business continuity.

Measuring Risk

Whilst assessment and evaluation of risk is subjective, in order to ensure some degree of continuity and prioritisation of risk a scoring system is used to measure likelihood and impact of the risk. This provides some degree of weighting to the identified risks.

Likelihood: 1 = rare
2 = unlikely
3 = moderate
4 = likely
5 = almost certain

When considering likelihood, consideration should also be given to the likelihood of an event within certain timescales. To ensure consistency, the following definitions will be used

Rare	May only happen once in a period of ten years ormore
Unlikely	May only happen once between four and ten years
Moderate	May only happen once between two and four years
Likely	May only happen once between one and two years
Almost certain	May only happen once in a year

Each risk will be assessed against the five categories identified and the appropriate score awarded for likelihood.

Impact

Impact definitions generally describe the potential outcomes should a risk event occur. They are broadly described in the following terms:

Reputational: actual or potential impact to the reputation of the Association in the external environment and inthe UK. This includes views held by all regulatory bodies that regulate any element of the Association's business or activities.

Financial: actual or potential loss which will or could impact on the Association (i.e. loss of income or loss of asset)

Operational: actual or potential impact arising from either operational failure or management failure whichaffects our ability to:

- Provide a quality service to our customers; or
- Execute our business plan; or
- Comply with laws, regulations or policies and procedures

External: actual or potential loss arising from risks out with the control of the Association but could affect operational sustainability and/or financial viability.

To ensure consistency when considering impact, the following definitions should be used.

Score	Description of Impact	Reputational	Financial	Operational	External
5	Catastrophic	Sustained national media interest Significant Public reaction (outcry)	Over £250,000 impact now or within 12 months in the future Any suspected serious fraud	Significant impact on achievement of strategy or operational activities. Affecting more than 10% of our stock, customers or staff Total failure of a supplier Loss of ability	Significant stakeholder and regulatory concern

				to sustain ongoing operation resulting in cessation of activities for morethan 24 hours	
4	Major	Local/national media interest Any event which may affect our standing with regulators Significant loss of confidence	£50,001 - £250,000 where impact now or 12 months in future Any suspected fraud	Significant impact on achievement of strategy or operational activities Affecting up to 10% of our stock, customers or staff Partial failure of a supplier Operational or system failure for up to 24 Hours	Significant stakeholder concern
3	Moderate	Local media interest Any event which may tarnish our reputation with a specific customer, group or third party	£10,000-£50,000 where impact now or 12 months in future	Moderate impact on achievement of strategy or operational activities Affecting a small number of customers or staff Deteriorating performance of a supplier Operational or system failure for more than 8 hours	Moderate stakeholder concern
2	Minor	Managed incident Limited customer impact	Less than £10,000	Minor impact on achievement of strategy or operational activities Small Deterioration in performance of	Limited stakeholder concern

				a supplier Operational or system failure for less than 1 hour	
1	Insignificant	Managed incident No customer impact	Less than £5,000	Low impact on achievement of strategy or operational activities	Low stakeholder concern

9. PRIORITISATION OF ASSESSED RISKS

The next stage in the process is to prioritise the risk to action those with the greatest likelihood and most severe impact. A convenient method of segregating risks for action is to plot the impact and likelihood of each risk as shown.

LIKELIHOOD	*5 Almost Certain*	LOW	SIGNIFICANT	HIGH	VERY HIGH	VERY HIGH
	4 Likely	LOW	MODERATE	SIGNIFICANT	HIGH	VERY HIGH
	3 Moderate	LOW	LOW	MODERATE	SIGNIFICANT	HIGH
	2 Unlikely	LOW	LOW	LOW	MODERATE	SIGNIFICANT
	1 Rare	LOW	LOW	LOW	LOW	LOW
		Insignificant 1	*Minor 2*	*Moderate 3*	*Major 4*	*Catastrophic 5*
		IMPACT				

Risk Classification	**Risk Score**	**Colour**	**Risk Appetite Score**
VERY HIGH	Risks with a score of above 20		5 - Hungry
HIGH	Risks with a score of between 15 and 19		4 - Open
SIGNIFICANT	Risks with a score of between 10 and 14		3 - Cautious
MODERATE	Risk with a score of between 7 and 9		2 - Minimalist
LOW	Risks with a score lower than 7		1 - Averse

For risk categories which the Management Committee has categorised as “Averse” this demonstrates that the Management Committee is only willing to tolerate a low level of risk, which is why this is aligned with risk classification “Low”.

For risk categories which the Management Committee has categorised as “Hungry” this demonstrates that theManagement Committee is willing to tolerate a much higher level of risk, which is why this is aligned with risk classification “Very High”.

10. RESPONDING TO RISK

The Association will:

- not undertake an activity with an uncertain outcome where the sole intended purpose is to make financial gain.

- assess the risk of any new activity or development. Where the risk is unacceptable and there is no means of reducing the risk to an acceptable level, the project will be rejected.

- where it is cost effective to do so, minimise the impact of risks via appropriate insurance cover or other indemnity.

- seek to strike a balance between taking little or no risk and taking too much risk, and thereby imperiling the Association.

- seek to control risks through prevention, detection and correction.

The staff team will align KPIs to specific strategic risks, where applicable to do so. These aligned KPIs would act as ‘risk triggers’ in flagging to the Management Committee any areas which are falling below target performance, which could signify that an identified risk may be crystallising or perhaps requires to be reviewed.

Risks will be recorded, assessed and reported using the Risk Register contained in Appendix 1

11. Risk Management Calendar

TIMESCALE	ACTION	RESPONSIBILITY	OUTCOME
March – October	Annual review and assessment of key risks including evaluation of controls and monitoring	Management Committee	Revised and updated Risk Map
November – February	Preparation of Business Plan and budgets, finalisation of risk action plans	Staff Team	Draft Business Plan, budget, Risk Map approval sought from Management Committee
February – August	Implementation of action plans and monitoring of action taken	Risk owner	Quarterly reports to Management Committee
Throughout year	New projects and/or new business ventures to be appraised for risk	Project/business owner	Management Committee reports for approvalto include risk appraisal
June / July (biennially)	Internal Audit review the management of risks	Internal Auditors	Internal audit report on risk management to Management Committee