



Risk Strategy and Policy

Date Policy Approved by Board	March 2017 (review annually)
Scottish Housing Regulator Regulatory Framework	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
National Care Standards	N/A

1. Introduction

Viewpoint's approach to effective risk management draws a direct link between the strategic plan and the risks which might arise should Viewpoint either succeed or fail to achieve its strategic objectives and operational priorities. Ultimately Viewpoint will ensure that it is not overly exposed to risk such that it would jeopardise its commitment to continue to develop new and improve existing services to meet customers' needs.

For Viewpoint a robust risk management framework makes good business sense. As such Viewpoint embraces the Scottish Regulator's Regulatory Framework for Governance and Finance:

The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

Viewpoint believes that whilst the Board has ultimate responsibility for developing and implementing Viewpoint's risk framework the whole organisation needs to play its part in the identification, control and monitoring of strategic and operational risks including Health and Safety risks.

2. Risk Appetite

Viewpoint will develop and articulate its risk appetite which will be approved and kept under regular review by the Board. Viewpoint's current, approved risk appetite is included in this Strategy and Policy document at Appendix One.

3. Strategy

Viewpoint aims to:

- ✓ maintain the long-term health of the organisation in terms of financial stability, management of resources and the quality of service provision.
- ✓ manage risk through suitable systems of control, which manage the level of risk such that the residual risk, after any mitigating actions, can be borne without serious permanent damage to Viewpoint.
- ✓ satisfy all mandatory and statutory responsibilities and duties
- ✓ ensure the health and safety of those who provide and those who use our services.
- ✓ promote awareness of risk issues and their management through effective communication and training.

To achieve this Viewpoint will:

- ✓ develop and maintain strategic planning processes which ensure that as strategy is developed key strategic risks are identified and explored in terms of their controllability and acceptability.
- ✓ not commit to any activity until a thorough and effective risk analysis has been completed.

- ✓ reject activities where there is a residual risk that is unacceptable and there is no means of reducing the risk to an acceptable level.
- ✓ develop and maintain control mechanisms to manage risks effectively where it is cost effective to do so.
- ✓ clearly define and communicate the authority and responsibility to take decisions involving risk and ensure that these authority and responsibility levels are appropriate to the level of risk involved.
- ✓ identify and monitor potential major external threats and make contingency plans to effectively respond to these threats should they materialise.
- ✓ where it is cost effective to do so, minimise the impact of risks materialising by taking out appropriate insurance cover or other indemnity from third parties with which Viewpoint is operating.

4. Risk Policy

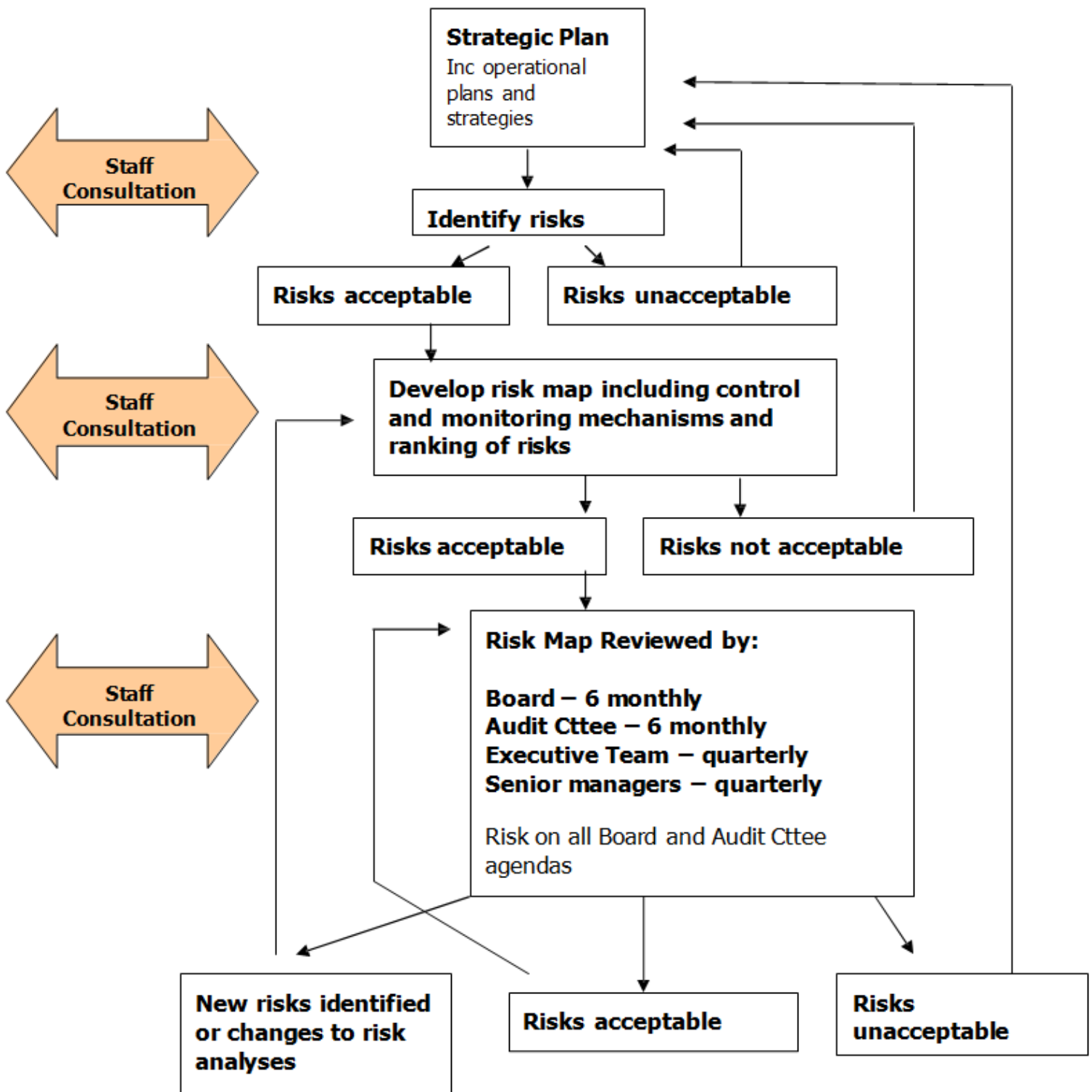
4.1 Risk Policy Aims

This policy supports achievement of the risk strategy by ensuring that:

- ✓ Risk analysis is intrinsic to the management process and risk management processes are explicitly built into decision making processes.
- ✓ Viewpoint has an approved framework for identifying and managing the risks that it faces.
- ✓ whilst the responsibility for the day-to-day management of Viewpoint's risk lies with the Executive Team and the Chief Executive in particular, all managers must accept responsibility for the risks within their own area of responsibility. Furthermore all staff must accept responsibility for risks that affect their work and which will inevitably impact on Viewpoint, its customers, employees and suppliers, and therefore its successful operation.
- ✓ All staff will receive appropriate health and safety training and managers and senior managers will receive training and support to equip them to identify, mitigate and monitor strategic and operational risks.

4.2 Risk Management Process

The following flow chart summarises the processes Viewpoint will use to identify, control and monitor risks. Whilst the Board has ultimate responsibility for risk management the Chief Executive has the responsibility for co-ordinating and ensuring that each process is carried out and the results communicated.



The flow chart is explained in more detail as follows:

Strategic Plan	Usually a five-year plan reviewed annually. Approved by the Board. Sets out strategic aims and objectives drawn from industry and stakeholder analysis. Includes Operational Plans and Strategies from which operational priorities are drawn.
Identify Risks	<p>This exercise involves the Board, Executive Team and all senior managers considering each strategic objective and asking the following questions:</p> <ul style="list-style-type: none"> ✓ What are the risks if we don't achieve this? What are the risks if we do? ✓ Are we prepared to accept these risks? <p>In addition consideration is given to the 'worst things that could happen to Viewpoint'.</p> <p>All risks must be tested against the Risk Appetite.</p> <p>If the risks are acceptable a Risk Map is drawn up. If the risks are unacceptable the Strategic Objectives are reviewed.</p> <p>All staff are encouraged to flag up risks to management via the Employee Forum, Health & Safety Consultation Group and in team meetings and core</p>
Risk Map	<p>The format of this may change from time.</p> <p>The Risk Map takes each strategic objective and lists what 'things' ie risks arise from the strategic objective.</p> <p>The identified risks are then categorized as either: Governance, Finance, Regulatory, Operational or External.</p> <p>Each risk will be given a gross score/rating of either high medium or low according to probability and impact. The scoring system is set out in the Risk Map. Impact includes operational, reputation and financial impacts.</p> <p>Any action needed to mitigate the risk both preventative and remedial are recorded on the Risk Map and the risk then given a net/residual score/rating of high, medium or low. The lead officer and timescale for any action identified are also recorded.</p> <p>If any risks are deemed to be unacceptable the Strategic Plan will be reviewed to ensure that strategic objectives are appropriate.</p>

	<p>The Risk Map will be used by the Executive Team and Senior Managers to identify operational risks and develop mitigation and monitoring mechanisms.</p> <p>The high risks will be included in the Strategic Plan.</p>
<p>Review of Risk Map</p>	<p>The Board will receive a copy of the entire Risk Map for review 6 monthly and the high risks once more during the year. Risk is a standing agenda item at each Board meeting.</p> <p>The Audit Committee will receive the Risk Map 6 monthly. It will concentrate on reviewing the mitigation of risks which may not be working well and identifying any new risks. Risk is a standing agenda item for the Audit Committee and at two Audit Committee meetings a year two risks, mitigations and controls will be presented for discussion.</p> <p>The Internal Audit Plan will relate to the Strategic Plan and the high risks identified in the Risk Map.</p> <p>The Executive Team and senior managers will review the Risk Map quarterly. They will brainstorm 'the worst that could happen to Viewpoint' or 'things which keep me awake at night' to identify new risks.</p> <p>Any proposed changes to the Risk Map must be reported to the Audit Committee and the Board.</p>
<p>New risks or risks deemed unacceptable</p>	<p>If at any stage risks are thought to be unacceptable or new risks are identified the Risk Map must be reviewed by Audit Committee and the Board.</p>
<p>Staff Consultation and involvement</p>	<p>Throughout the Risk Management process which is not time specific but an ongoing and continuous exercise, staff will be consulted about risks through various forums e.g. team meetings, core briefing, staff conference, appraisals and support and supervision sessions. The risks identified will be recorded and reported to the Executive Team and Audit Committee.</p> <p>Staff will also receive appropriate training and development.</p>

5. Developing a Culture of Risk Management

A wide range of staff at different levels, including participants of the Employee Forum and Health & Safety Consultation Group, are involved in groups and working parties which help to instil an appropriate culture of setting business objectives, identifying associated risks and monitoring and controlling those risks. Staff can report risks through core briefings, team meetings and anonymously through Whistle Blowing procedures.

The risk review process is about encouraging senior managers and indeed all staff to take responsibility for risks within their area of operation. To assist achieve this 'Risk' will be a standing agenda item on key staff team meetings.

The Risk Map will be widely circulated and discussed with managers who will also be involved in identifying and setting up controls for operational risks.

Staff will receive training and development to assist them exercise their responsibilities.

6. Risk Review Process and Internal / External Audit

Various Regulatory Guidance make it clear that Viewpoint's external auditor is not required to review the effectiveness of the risk management procedures. However, the external auditor may wish to review the relationship between the risk management process and the internal control framework before issuing their audit opinion of the annual accounts.

Regulatory advice also makes it clear that housing associations' risk management strategies should not rely upon the internal auditor, as their role requires them to operate independently of the control framework. The internal auditor can assess the effectiveness of the risk management procedure and, as part of each system review, the internal auditors will consider whether the monitoring controls listed in the relevant section of the risk map are in place.

As part of the annual Audit Needs Assessment the Internal Auditor will review the risks identified in Viewpoint's risk map and ensure that all areas of high risk are adequately covered in an audit plan, which itself is reviewed annually.

1. Risk Appetite

Viewpoint accepts that risk will arise as it pursues its strategic aims and objectives. Viewpoint constantly scans for risks and will seek ways to prevent those risks materialising. However prevention won't necessarily mean avoiding those risks. Where Viewpoint accepts a risk that it cannot prevent it will identify remedial action to mitigate the impact.

Viewpoint will accept measured risks providing the following criteria are met:

Financial

No activity must result in breach of loan covenants and interest cover loan covenants must be achieved with a margin representing 2% of care home turnover.

Liquid Cash resources must be sufficient to meet 6 months staff costs.

Short term financial returns in relation to new business can be sacrificed providing the project has strategic 'fit' and longer term returns result in financial viability or other financially viable projects are generated as a result.

No activity with an uncertain outcome must be undertaken with the sole purpose of making a financial gain.

Governance

The law can never be broken knowingly. Any discovered breaches are rectified without delay.

Any departure from accepted best practice in governance will be subject to Board approval and documented using 'comply or explain' principles.

Regulatory

Care home grades can fall to 3s with a mitigating strategy

No Scottish Housing Regulator Regulatory Plan unless by virtue of acceptable development/growth activity

Required submissions to the Scottish Housing Regulator must be on time

Schedule 7 or the equivalent (payments to employees outside contract on termination of employment) can be breached provided the cost of doing so is expected to be less than not doing so.

Operational Risks

No death or serious injury as a result of a health and safety breach

Employment tribunals are acceptable providing the impact, including the cost, of accepting the risk is less than the cost/risk of the employment tribunal claim.

Accommodation can be closed if the cost of maintaining it will not extend its 'life' beyond 5 years or is unlikely to 'pay back' over 30 years.

Resident, tenant and staff satisfaction can fall below target levels provided strategy is not put at risk.