

For Decision

Agenda Item 8.2
Date of Meeting: 08/05/25

To: The Audit & Risk Sub-Committee
From: The Director
Subject: Review of Operational Risks above Risk Appetite Level

1. Introduction and Purpose

- 1.1 In line with our revised Risk Management Policy and Risk Appetite Model any operational risks that are identified as being above our Risk Appetite need to be reported to the Sub-Committee for consideration.
- 1.2 The purpose of this report is to present the operational risks that are identified as being above our Risk Appetite for the Sub-Committee's consideration and review.

2. Operational Risks above Risk Appetite Level

- 2.1 To assist the Sub-Committee a copy of our Risk Appetite Model is attached. The Sub-Committee will see that we have identified 14 Risk Categories and have allocated a risk appetite against each which is based on a Low, Medium and High rating. Most of the Risk Categories have either a Low or Medium Risk Appetite against them. Not surprisingly categories such as Financial, Governance, Legal and Regulatory and Health & Safety have a Low Risk Appetite.
- 2.2 The Operational Risk Register was last reviewed by the Management Team at its meeting on 4th April 2025. Applying the Risk Appetite Model we have identified 18 Operational Risks that are above the associated risk appetite. The relevant risk categories are Financial, Governance, Legal/Regulatory, Health & Safety and Property or Stock Condition. All of these risk categories are deemed as Low Risk Appetite.
- 2.3 The Management Team made changes to the Operational Risk Register which in turn impacted some of the Operational Risks above the associated risk appetite. The relevant changes were as follows:
 - Business Interruption – updated to reflect addition of Pandemic to align with Strategic Risk Register
 - Removal of Pandemic specific risk
 - Health & Safety at work – update to include agency/temp staff

- Death/serious injury – update to include agency/temp staff

2.4 The Sub-Committee is asked to consider the Operational Risks above the associated risk appetite and determine if any further changes are required.

3. Risk

3.1 We have considered our approach to risk management and have identified the key risks under the following risk categories and the measures we have taken to mitigate such risks.

| Risk Category | Mitigating Measure |
|---|---|
| <p>Governance:</p> <ul style="list-style-type: none"> • Fail to identify risks to Rosehill and establish mitigating measures which can: <ul style="list-style-type: none"> ○ lead to poor decision making and ineffective governance; ○ impact on our ability to deliver our Business Plan objectives <p>Legislative and Regulatory:</p> <ul style="list-style-type: none"> • as above and, • Fail to meet regulatory requirements (Standard 4) | <ul style="list-style-type: none"> • Comprehensive Risk Management Policy; • Risk Appetite Model; • Quarterly review of operational risks above associated risk appetite level; • Regular review of strategic risks by Management Committee, Audit & Risk Sub-Committee and the Management Team; • Risk section within Committee Reports |

4. Delivery of our Strategic Objectives

| Area | Related Strategic Objective(s) |
|--|--|
| Review of Operational Risks above associated risk appetite level | 7) Achieve the highest standards in all that we do 6) Use resources efficiently and effectively |

5. Application of our Core Values

| Area | Related Core Value(s) |
|--|--|
| Review of Operational Risks above associated risk appetite level | <ul style="list-style-type: none"> • Accountable and Compliant; • Efficient and Responsible; |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Excellent and Committed |
|--|---|

6. Compliance and Assurance

6.1 By having a comprehensive Risk Management Policy and Risk Appetite Model in place to identify and manage risks appropriately, ensures we are compliant with Regulatory Standards. In particular:

| Compliance Source | Details |
|---|---|
| The Standards of Governance and Financial Management for RSLs | <p>Standard 3 - The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</p> <p>Guidance 3.3 - The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of risks to the delivery of plans.</p> <p>Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>Guidance 4.4 - The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.</p> |

6.2 Evidence Bank

| Evidence | Assurance Exercise Location |
|--|--|
| <ul style="list-style-type: none"> • Report for 12/11/24 meeting; • Reviewed Operational Risks above associated risk appetite level. | <ul style="list-style-type: none"> • Regulatory Standard 3 – Guidance 3.3 • Regulatory Standard 4 – Guidance 4.4 |

6.2.1 Committee is reminded that our Assurance Exercises are available in the Committee Log-in Area of our website, which Committee can access at any time.

7. Summary and Decision Required

7.1 The Operational Risk Register was reviewed by the Management Team in April. Applying the Risk Appetite Model we identified 18 Operational Risks that are above the associated Risk Appetite. In accordance with our revised Risk Management Policy, any such risks must be reported to the Audit & Risk Sub-Committee for consideration. When reviewing the Operational Risk Register the Management Team identified some changes which impacted some of the operational risks that are above the associated risk appetite, as set out in paragraph 2.3

7.2 The risks relating to risk management are set out in Section 3.

7.3 Section 4 shows how regularly reviewing our risks including operational risks above the associated risk appetite level and having a comprehensive approach to risk management, links to the delivery of our strategic objectives.

7.4 Section 5 shows how regularly reviewing our risks including operational risks above the associated risk appetite level and having a comprehensive approach to risk management, links to the application of our Core Values.

7.5 Section 6 sets out how we comply with Regulatory requirements

7.6 The Sub-Committee is asked to consider this report, the attached Risk Appetite Model and the relevant Operational Risks and decide whether any further changes are required to these risks.