



Rosehill Housing Association

Risk Management Session

7 October 2025

Areas to be Covered



- | What is Risk & Risk Management?
- | Rosehill HA 2021 – 2026 Business Plan
- | Risk Management Process.
- | Benefits and Consequences of Risk Management.
- | Risk Appetite.
- | Risk Register & Risks in Focus – 2025.



What is Risk and Risk Management?



What is Risk?

Common Definition of Risk across the Sector:

"the possibility of an action or event occurring that will have an impact on the achievement of objectives."

"Risk is measured in terms of impact and likelihood."

Difference between Strategic and Operational Risks

Strategic risks will impact the overall direction of the Association.

Operational risks are those occurring in the day-to-day operations of the Association.



What is Risk Management?

Risk Management is defined as:

"the systematic application of management policies, practices and procedures to the task of identifying, analysing, evaluating, treating, monitoring and reporting on risks."

Risk Management is a process to:

- | Identify all relevant risks
- | Assess/rank those risks
- | Address the risks in order of priority
- | Create a plan to minimise or eliminate the impact of negative events
- | Monitor risks and report on their management

Rosehill HA 2021 – 2026 Business Plan



Rosehill HA 2021 – 2026 Business Plan



Vision

- We will provide excellent quality affordable and efficient homes in neighbourhoods that are well managed and maintained; we will contribute to sustaining communities where people feel safe and want to live by providing housing and other services and working with our voluntary and statutory partners.

Values

- We will invest and support.
- We will be engaged and responsive.
- We will be accountable and compliant.
- We will be fair and approachable.
- We will be efficient and responsible.
- We will be excellent and committed.

Rosehill HA 2021 – 2026 Business Plan



Strategic Objectives

- Provide high quality and affordable homes .
- Engage effectively with tenants and service users.
- Deliver value for money.
- Be innovative and risk aware.
- Build and contribute to effective partnerships.
- Use our resources efficiently and effectively.
- Achieve the highest standards in all that we do.

Rosehill HA 2021 – 2026 Business Plan

Effective risk management arrangements are essential in ensuring that strategic objectives are met.

Based off our review of the Association's strategic objectives and the Business Plan, the following risks were identified in achievement of objectives:

1. Inability to meet the Scottish Housing Quality Standard.
2. Inability to meet the Scottish Government Net Zero targets.
3. Not being able to effectively engage with Tenants and Service Users to ensure that services improve in line with their needs.
4. Rents become unaffordable and do not provide value for money.
5. Inability to deliver development objectives and requirements of Rapid Re-housing.
6. Not remaining financially viable.
7. Not receiving the appropriate funding to facilitate the development.

Risk Management Process



Ways to Manage Risk



1. Determine Roles and Responsibilities.
2. Risk Identification – Internal and external events affecting achievement of objectives, distinguishing between risks and opportunities.
3. Risk Assessment - Scoring of risks, $\text{Probability} \times \text{Impact} = \text{Inherent Risk Score}$.
4. Risk Response – avoiding, accepting, reducing or sharing risk. Resulting in residual risk score (after the risk treatment has been defined.)
5. Developing Live Risk Registers – Strategic & Operational – monitored and modifications made as necessary.
6. Control Activities – Policies and Procedures established and implemented to help ensure that the risk responses are carried out.

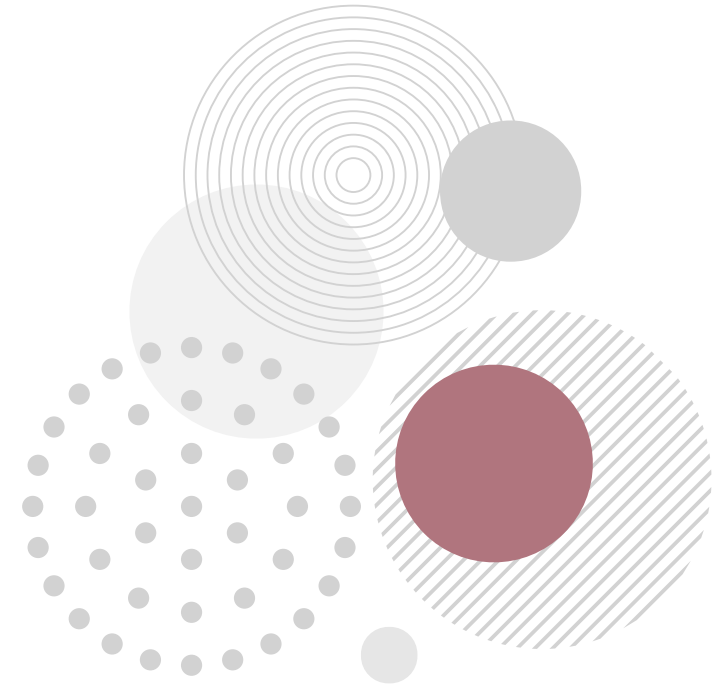
Identifying the Risks

Risk identification should be a systematic and methodical process

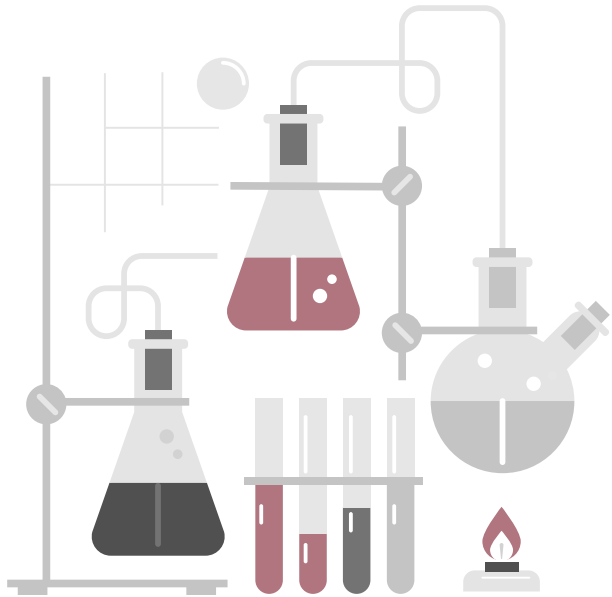
- | It is best done in a group environment
- | Wide number of people participate in the process, including management, employees, Management Committee members, and other stakeholders

The most common approach used is brainstorming.

Whereby various people meet and note down as many risks in a limited number of time.



Risk Assessment



Each risk is considered and rated twice.

The initial rating is without current controls in place (Inherent Risk).

The second reflects the risk after additional controls have been implemented (Residual Risk).

Risk Response: Monitoring and Controlling

- | Assess the controls in place for the risk identified
- | Re-score the risk following assessment of controls
- | Regularly review the identified risks and ensure that these are still relevant
 - | Identify new risks.
 - | Remove risks that are no longer relevant.



Benefits and Consequences of Risk Management



Benefits of Risk Management



- | Enhances Communication.
- | Supports effective use of resources.
- | Fewer Shocks and unwelcome surprises.
- | Reassures Stakeholders.
- | Quick grasp of new opportunities.
- | Addresses uncertainty in a structured, orderly, unambiguous and timely fashion.
- | Supports the achievement of objectives.
- | It aids in effective and sound decision making.

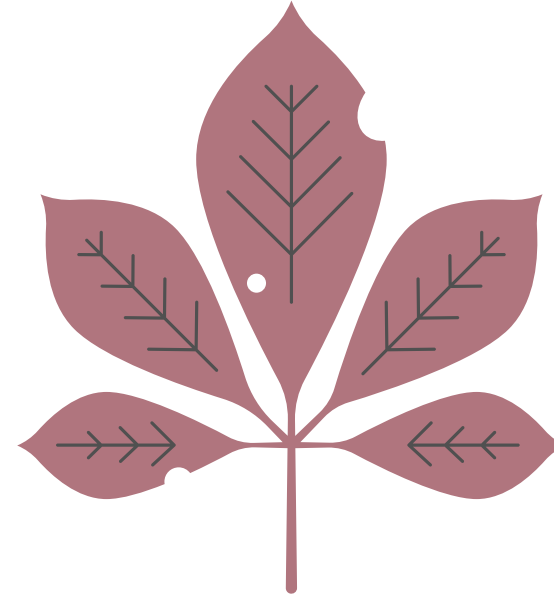
Consequences of Poor Risk Management

- | Criminal liability.
- | Civil litigation.
- | Financial penalties/compensation.
- | Reputational damage.
- | Poor performance (low staff morale).
- | Opportunity costs.
- | Impact on Regulatory status.



Why does risk management fail

- | Methodology too sophisticated or too complex.
- | Methodology too focused upon one user group.
- | Lack of understanding of key principles and benefits throughout the Association.
- | Framework separate from management processes.
- | Lack of training on risk management.



How will you know when you've succeeded? wbg

- | More measured risk taking.
- | Fewer surprises.
- | Greater risk thinking (decisions tied to risk/opportunity).
- | Risk management cycle will no longer stall and will cease to be a burden.
- | Risk management champion will be administration role only.
- | More focused Management Committee and management meetings



Risk Appetite



Risk Appetite / Tolerance



Management Committee members should have determined their risk appetite, as a whole or on any individual risks, according to defined tolerances. The Association identified that their risk appetite varies per activity where the following is what we see followed in the sector:

- | **No Appetite** – Avoid all risk in this area.
- | **Low** – Activities will only be taken where they have a low degree of inherent risk.
- | **Cautious** – Willing to accept/ tolerate where we have identified scope to achieve reward.
- | **Open** - Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable degree of reward and value for money.
- | **Hungry** - Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a greater inherent risk.

The appetite should be regularly reviewed and updated particularly if the operating environment changes significantly or there is a change of strategic direction.

Articulating a Risk Appetite

1st Step: Provision of training to ensure that all Management Committee members have an understanding of the concept.

2nd Step: Updating the Risk Register to effectively identify strategic and operational risks. Once identified, only the strategic risks should be reported to the Management Committee.

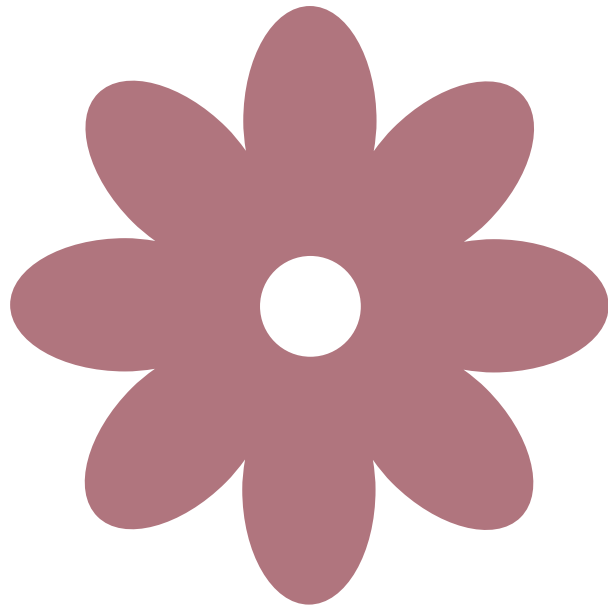
3rd Step: Identifying the Risk Categories. Currently risks are categorised as Financial; Governance; Legislative and Regulatory; Strategy; Technology; Data/ Information Management; Health & Safety; Reputation; People; Property/ Stock Condition; Operations; Performance Management; Supply Chain; and Customer.

4th Step: Identifying the appetite per category and ensuring that this is reflected on the register.

5th Step: Effectively communicating the risk appetite to staff to ensure that their risk mitigation strategies are in line with the appetite.

6th Step: Review and update the appetite on an annual basis thereafter.

Benefits of Risk Appetite



Clearly Articulating your risk appetite will have benefits through:

- | Supporting and providing evidence of the decision-making processes.
- | Demonstrating how each element of the business contributes to the overall risk profile.
- | Showing how different resource allocation strategies can add to or lessen the burden of risk.
- | Supporting the approvals process.
- | Identifying specific areas where risks should be removed.
- | Transparency and consistency of business decisions.
- | Improved understanding of risk-based budgets.

Risk Register and Risk in Focus



Information on the Risk Register

We would expect to see the following information outlined on the risk register:

- | Risk and Risk Definition.
- | Risk Impact.
- | Inherent Risk Score.
- | Mitigating Controls.
- | Risk Owner.
- | Residual Risk Score.
- | Target Risk Score.
- | Further Actions Required.
- | Link with Strategic Objectives.
- | Risk Movement from the Previous Period.



Risk in Focus 2025 – Top Risks



Below we listed the top risks facing organisations as ranked based on a survey of over 980 Chief Audit Executives from a range of businesses:

- | Cybersecurity and data security.
- | Human capital, diversity and talent management.
- | Climate Change and Environmental Sustainability.
- | Digital Disruption, New Technology and AI.
- | Change in Laws & Regulations
- | Business Continuity, crisis management and disasters response.
- | Financial, liquidity and insolvency risks.





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