

For Decision

Agenda Item 5.2
Date of Meeting: 13/05/26

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 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 8th May 2026. 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, Performance Management, Operations and Property or Stock Condition. All but two of these risk categories are deemed as Low Risk Appetite. Performance Management and Operations are assessed as Medium Risk Appetite.
- 2.3 The Management Team made the following changes to the operational risk register which impacted the operational risks above the risk appetite register.
 - High Levels of Sickness Absence: Adequacy of Controls and Risk Action – change to “Partially Adequate” and “Treat”. Add to Additional Controls Required – Working to Implement Well Being Strategy and

Proposed Capping of Annual Leave to 5.6 weeks (statutory amount) for sickness absences of 6 months and more (this is permitted as per EVH terms and conditions);

- Failure to Adequately Invest in, Maintain and Improve our Properties: Additional Controls Required – delete “Ongoing catch-up Programme for Stock Condition Surveys”. Change Adequacy of Controls to “Adequate at this time” and Risk Action to “Tolerate”;
- Unexpected Major Repairs: Existing Controls – add “Fire Detection Systems”
- Business Interruption: Existing Controls – add “Disaster Recovery and Business Continuity Plan specific to Cyber Threats” and “Business Interruption Insurance.”;
- Inability to Demonstrate Compliance with SHQS and Energy Efficiency: Additional Controls Required – delete “Ongoing Catch-Up Programmes For Stock Condition Surveys”. Change Adequacy of Controls to “Adequate” and Risk Action to “Tolerate”;
- Fail to Effectively Manage Neighbourhoods and Tackle Anti-Social Behaviour: Existing Controls - add “Increase in Tenant Satisfaction as per 2026 Survey”;
- Failure to Comply with the Charter/ARC: Existing Controls – amend wording to IT systems to “Continued improvements to IT ecosystem including reduced use of “manual” reports”. Remove “Rosehill Tenants’ Voice undertakes scrutiny tasks” and move to additional controls required. This is to reflect the current low numbers on the group which prevents it from being operational at this time. Change Adequacy of Controls to “Partially Adequate” and Risk Action to “Treat”;

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
Governance: • Fail to identify risks to Rosehill and establish mitigating measures which can:	• Comprehensive Risk Management Policy; • Risk Appetite Model;

○ lead to poor decision making and ineffective governance; ○ impact on our ability to deliver our Business Plan objectives Legislative and Regulatory: • as above and, • Fail to meet regulatory requirements (Standard 4)	• 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
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4. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Review of Operational Risks above associated risk appetite level	4) Achieve the highest standards in all that we do

5. Application of our Core Values

Area	Related Core Value(s)
Review of Operational Risks above associated risk appetite level	• Excellence • Trusted • Transparent

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	Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. 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.

6.2 Evidence Bank

Evidence	Assurance Exercise Location
• Report for 13/05/26 meeting; • Reviewed Operational Risks above associated risk appetite level.	• 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 at its meeting on 8th May 2026. Applying the Risk Appetite Model we identified 18 Operational Risks that are above the associated Risk Appetite. In accordance with our Risk Management Policy, any such risks must be reported to the Audit & Risk Sub-Committee for consideration. The changes made by the Management Team to the operational risk register which impacted on the operational risks above risk appetite are covered in Section 2.

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.