



## RISK MANAGEMENT STRATEGY 2023 - 2026

### Policy Control

Policy reference	Risk Management Strategy
Department	Derby Homes
Author	Michael Kirk / Katherine Mawson
Owner	Michael Kirk
Version	V2.0
Reason for revision	Periodic
Status	Final
Intended recipients	SMT, Audit Committee and Board
Training and dissemination	Via SMT - following Board approval.
To be read in conjunction with (other policies)	Risk Management Handbook 2023 - 2026
Has equalities impact assessment been considered? Please include within policy.	Not Applicable
Policy approved by Designation Date	Michael Kirk Finance Director & Company Secretary
Meeting approved Date	Audit Committee 23 October 2023
Implementation Date	December 2023
Review period	Triennial
Next review date	October 2026

## Contents

<b>1. SCOPE</b> .....	3
<b>2. AIMS OF RISK MANAGEMENT STRATEGY</b> .....	3
<b>3. OUR APPROACH</b> .....	4
<b>4. RISK MANAGEMENT PROCESS</b> .....	5
<b>5. RISK MATRIX</b> .....	6
<b>6. KEY ROLES AND RESPONSIBILITIES</b> .....	6
<b>7. DELIVERING OUR SERVICES</b> .....	8
<b>8. ISSUES TO CONSIDER</b> .....	8
<b>9. EXPECTED IMPACT</b> .....	8
<b>10. RISK REGISTER</b> .....	9
<b>11. RISK MATURITY</b> .....	9

## 1. SCOPE

Risk management is the process by which risks are identified, evaluated, controlled and monitored. It is acknowledged that some risks will always exist and will never be eliminated. Risk management is not always straightforward, and all employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. This ensures a uniform approach to identifying and prioritising risk.

This strategy explains the organisation's approach to risk management.

Derby Homes manages two risk registers:

- Derby Homes Strategic Risk Register – this describes the major strategic risks to Derby Homes
- Derby Homes Operational Risk Register – this describes operational risks for Derby Homes to manage

There are any number of risks which might occur and many different headings under which to group them, but most can be categorised under the following headings:

- Strategic risks – e.g. changes in government policy, competition for new business opportunities, partnership working, HRA Business Plan.
- Reputation risks - e.g. poor service delivery.
- Compliance risk - e.g. regulatory intervention, legal, performance management.
- Financial risk - e.g. failure to achieve the management fee and inadequate financial management, fraud, poor value for money, directors' and officers' liabilities.
- Operational risk - e.g. failure to recruit to key positions, failure to meet promises and targets, loss of IT connections, service delivery.
- Health & Safety risks - e.g. natural disaster, fire.
- Personal risks - e.g., work place stress, safety of frontline staff.

This risk management strategy recognises that:

- overall responsibility for risk management strategy lies with the Board
- implementation of the risk management strategy is delegated to the Managing Director of Derby Homes
- the management of risk is a continuous process involving regular monitoring and where necessary re-tuning.

## 2. AIMS OF RISK MANAGEMENT STRATEGY

Derby Homes' risk management strategy aims to:

- manage risk in accordance with best practice, and our overall risk appetite
- anticipate and respond to social, environmental and legislative requirements
- prevent injury, damage and losses and reduce the cost of risk
- raise awareness of the need for risk management by all those connected with the delivery of service
- consider compliance with insurance and legal requirements
- be among the best in the sector in our approach to Health and Safety
- take action to minimise the likelihood of risks occurring and / or reduce the severity of consequences if risks occur.

These aims will be achieved by:

- clear roles, responsibilities and reporting lines for risk management
- reinforcing the importance of risk management as part of the everyday work of employees
- incorporating risk management considerations into service planning
- monitoring and reviewing arrangements on an ongoing basis as part of the performance management processes
- participating with other bodies including Derby Homes' insurers in the development and sharing risk management best practice
- including risk management issues when writing reports and considering decisions
- maintaining a register of risks linked to Derby Homes' business and operational objectives, also those risks linked to working in partnership
- maintaining documented procedures of the control of risk and provision of suitable information, training and supervision
- maintaining an appropriate system for recording Health & Safety incidents and identifying preventative measures against recurrence
- preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact on the ability to function
- monitor arrangements continually and seek continuous improvement.

### 3. OUR APPROACH

All key decisions will be informed by a robust assessment of the risks, and must be able to demonstrate that the level of risk accepted against an activity will only be undertaken where the benefits are proportionate to, or greater than, the level of risk involved.

Derby Homes recognises that there is risk in all that we do, and that while some risks pose a threat, others provide an opportunity.

Risk appetite, when properly understood and clearly defined becomes a powerful tool, not only in taking well-measured risks but also for improving overall performance and decision making. At the most basic level risk appetite is about how much risk an organisation is prepared to take in pursuit of its strategic objectives. In order to obtain a clear picture of our risk appetite there are two things that must be understood – what is our capacity for risk and what is our attitude to risk.

Whilst Derby Homes' approach to risk management is to be 'Hungry' with respect to its ideas and thoughts, our overall risk appetite is 'Cautious and Open' in terms of delivery on the ground.

Therefore, taking all strategic objective risk appetite alignments into consideration, our overall risk appetite statement is to have a 'cautious and open' attitude to risk.

*'Derby Homes wishes to be creative and open to consider all delivery options and will select those with the highest probability of productive outcomes whilst being aware of the impact of its key decisions.'*

There are obvious exceptions to this, which would include, for instance, a much more risk averse attitude in the areas of Health and Safety and Safeguarding risks. Risk appetite is therefore something that has to be assessed for each appropriate risk.

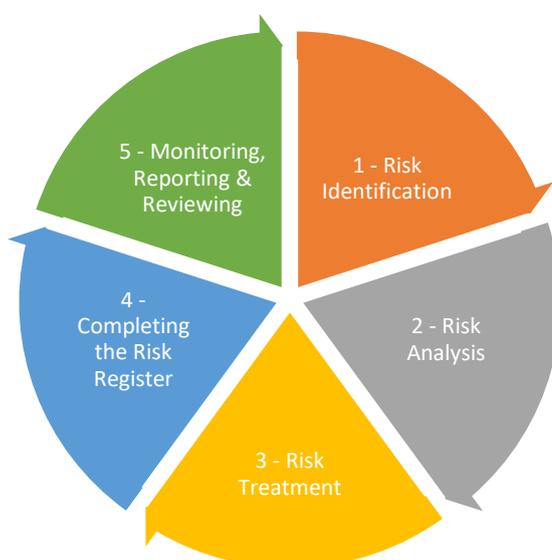
Further information on the methodology of identifying risk appetites can be found in Appendix C in the Risk Management Handbook Guidance.

#### 4. RISK MANAGEMENT PROCESS

The risk management Process outlined within this document should be used as a guide to best practice in managing risks which could impact strategic priorities, operational activities (e.g. delivery of actions identified within the Delivery Plan) and delivery of projects or programmes.

Derby Homes has a well-established systematic and consistent approach to risk identification, analysis, control, monitoring and review which has operated for many years.

Derby Homes' risk management process consists of five key steps as outlined below. Further information on the process and its use is outlined within the Risk Management Guidance



### Communicate, learn, improve

Process Step	Description
<b>Risk Identification</b>	Identification of risks which could significantly impact on Derby Homes' aims, objectives and services – both strategic and operational
<b>Risk Analysis</b>	Developing an understanding of each risk, its consequences and the likelihood of those consequences. Understanding the effectiveness of the existing controls and any control gaps.
<b>Risk Treatment</b>	Deciding how to respond to each risk identified - Treat; Tolerate; Transfer; Terminate.
<b>Completing the Risk Register</b>	Document the previous steps within the appropriate risk register, which is a tool for facilitating our risk management discussions. A standard template is utilised to ensure consistent reporting, for both risks as threats and opportunities.
<b>Monitoring, Reporting and Reviewing</b>	Monitoring and reviewing risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable. Ensuring mitigating actions are on track and reducing risk exposure. Removing risks which have declined / reached an acceptable level. Regularly capturing emerging risks and planning appropriately for them.

## 5. RISK MATRIX

Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £750,000, adverse national media attention, litigation almost certain, breaches of law, Derby Homes unable to work with partner organisation	Impact	Very High	4	8	12	16
Significant threat to Derby Homes' objectives. Non-statutory duties not achieved, permanent injury, financial loss over £250,000, negative national media attention, litigation expected, breakdown of confidence of partners.		High	3	6	9	12
Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures		Medium	2	4	6	8
Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £50,000, no media attention		Low	1	2	3	4
			Remote <5%	Possible 5%- 50%	Probable >50% - <80%	Highly probable 80%+
		Likelihood				

## 6. KEY ROLES AND RESPONSIBILITIES

Responsibility for risk management strategy rests ultimately with the Board. Within Derby Homes, the Board has assigned the Managing Director of Derby Homes the responsibility for day to day management of risk to the organisation.

All staff should understand they are responsible for the management of risk in all their activities.

Group / Individual	Roles and Responsibilities
<b>Board of Derby Homes</b>	<ul style="list-style-type: none"> <li>Overall responsibility for Derby Homes' Risk Management Strategy and Framework.</li> <li>Direct the Managing Director, and Senior Management Team to ensure that risk management continues to be embedded through Derby Homes.</li> <li>Approve Derby Homes' overall risk appetite statement and the risk tolerance levels (i.e. the definition of high (red) risks, medium (amber) risks and low (green) risks).</li> <li>Approve the risk management arrangements annually and, through quarterly monitoring, review changes and progress on risk management action plans.</li> <li>Request information on matters relating to risk management.</li> <li>Be consulted on forthcoming decisions and the development of policy.</li> <li>Actively consider the risk management implications contained within all reports.</li> <li>Gain an understanding of risk management and its benefits which includes undertaking relevant training.</li> <li>Annually scrutinise the risk registers to ensure that they are compliant with the Risk Management Strategy.</li> <li>Monitor risks added to the risk register.</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Review Derby Homes' Risk Management Strategy and Framework prior to approval by the Board.</li> <li>Provide an annual scrutiny of the risk management process and review and challenge the content of the Strategic Risk Register and the adequacy of associated risk management arrangements.</li> </ul>

Group / Individual	Roles and Responsibilities
<b>Managing Director of Derby Homes</b>	<ul style="list-style-type: none"> <li>• Overall responsibility for risk management throughout Derby Homes.</li> </ul>
<b>Executive Management Team</b>	<ul style="list-style-type: none"> <li>• Overall responsibility for embedding risk management throughout Derby Homes.</li> <li>• Contribute towards the identification and management of strategic and cross cutting risks and opportunities facing Derby Homes.</li> <li>• Receive and consider reports on key strategic issues.</li> <li>• Promote integration of risk management principles into the culture of Derby Homes.</li> <li>• Sign off Operational Risk Registers.</li> <li>• Maintain an understanding of risk management and its benefits which includes undertaking relevant training.</li> <li>• Establish training requirements of managers in relation to all aspects of risk management where relevant.</li> <li>• Monitor strategic and high scoring risks at Executive Management Team meetings and ensure that decisions on escalated risk are fed down.</li> </ul>
<b>Heads of Service</b>	<ul style="list-style-type: none"> <li>• Champion and take overall responsibility for implementing the Risk Management Framework and embedding risk management throughout Derby Homes.</li> <li>• Maintain awareness of and promote the approved Risk Management Strategy to all relevant staff.</li> <li>• Provide assurance on the effectiveness of controls in place to mitigate / reduce risks within their service.</li> <li>• Actively identify, analyse and profile operational risks on a quarterly basis.</li> <li>• Determine and prioritise action on operational risks, allocating individual ownership of the key risks to appropriate officers.</li> <li>• Receive escalated service risks and consider their inclusion onto the Operational Risk Register.</li> <li>• Ensure that Derby Homes has robust processes and procedures in place that are consistently applied for the management of operational risks, including health and safety risks.</li> </ul>
<b>Service Managers</b>	<ul style="list-style-type: none"> <li>• Raise awareness, manage and implement the risk management process effectively in their service areas.</li> <li>• Within team meetings, ensure that relevant risks are monitored, and emerging risks are reported.</li> <li>• Maintain awareness of and promote the Risk Management Strategy and Framework to all relevant staff.</li> <li>• Ensure that risk management is incorporated into service plans and project plans.</li> </ul>
<b>All Employees</b>	<p>All employees have a responsibility to:</p> <ul style="list-style-type: none"> <li>• Be aware of and consider risks involved in their day to day activities and to report any changes to these risks through the line management of the organisation.</li> <li>• Liaise with their line manager to assess areas of risk in their role within Derby Homes.</li> <li>• Participate in risk assessment and action planning where appropriate.</li> <li>• Adhere to Derby Homes' policies and procedures, and</li> <li>• Undertake training and development sessions as appropriate.</li> </ul>

Group / Individual	Roles and Responsibilities
<b>Internal Audit</b>	<p>Internal Audit's role is to maintain independence and objectivity. Internal Audit is not responsible or accountable for risk management or for managing risks on Derby Homes' behalf. Internal Audit will:</p> <ul style="list-style-type: none"> <li>• Audit the risk management process.</li> <li>• Assess the adequacy of the mechanisms for identifying, analysing and mitigating key risks.</li> <li>• Provide assurance to officers and the Board of Derby Homes on the effectiveness of controls; and</li> <li>• The risk register will guide the Internal Audit Plan to ensure resources are used on the areas of highest risk and where the need for assurance is greatest.</li> </ul>

## 7. DELIVERING OUR SERVICES

In delivering the best possible service to customers we will consider customer impact in risk assessment, and we will seek the most beneficial outcome for customers in addressing risks.

To ensure that the diversity of the local community is reflected in the services we deliver we will seek to minimise the risks of excluding any groups or individuals from accessing our services, receiving high quality customer service or participating in the development and monitoring of services.

We will consider sustainability by ensuring that risks to sustainability are identified and that actions taken to address all risks are considered in relation to their potential impact on sustainability.

In pursuing opportunities for value for money we will seek to provide a framework that provides the most effective outcomes for the resources required to implement it. We will seek to identify the most cost effective methods for addressing identified risks.

## 8. ISSUES TO CONSIDER

Changes in policy and legislation (e.g. health & safety) that impact on our approach to risk management and on our operations and strategies need to be regularly reviewed to make sure that the risk mitigations in place remain relevant and appropriate. This requires regular updating and monitoring of a risk register following suitable scanning of potential issues that may impact on Derby Homes.

## 9. EXPECTED IMPACT

We expect, through the successful implementation of this strategy, to have the following impact:

Customers will benefit from the reduced risk of a loss of service and a reduced impact when a risk event occurs. A willingness of the organisation to take controlled risks will result in more innovative services.

Derby Homes will be better placed to manage risks and to effectively deal with risk events occurring (e.g. loss of service). Staff will be more innovative as a result of the organisation encouraging controlled risk taking.

## 10. RISK REGISTER

The risk registers are continually reviewed to ensure that new risks are identified, and that the management of existing risks are progressed.

The registers include:

- A description of the risk
- Existing controls
- Inherent and current risk scores
- Assessment of the Risk Appetite
- Progress made to date

The risk registers will be used as the basis for regular monitoring by Executive, Heads of Service and teams within Derby Homes.

The risk registers will be reviewed in conjunction with the Delivery Plan to ensure mitigation actions are being processed.

An annual review of the risk register and any potential changes to the strategy will be carried out by the Board of Derby Homes.

## 11. RISK MATURITY

Understanding how effective a risk framework is in shaping an organisations response to risk management is key. An organisation with a mature risk culture will not see risk management as a negative process, it will embrace risks as both threats and opportunities and use the insight from a well-established and embedded risk framework to shape decision making. Taking appropriate and informed risk in areas senior leaders have identified as appropriate.

In August 2023, to inform the refresh of this Strategy and the supporting Risk Management Handbook a review of Derby Homes risk maturity was completed, using two industry models to shape a view on areas that are well developed, alongside opportunities for further improvement.

The evaluation of Derby Homes level of risk maturity was '**proactive and embarking, moving towards engaging and embedded**', with key highlights presented below:

What are we doing well?	Opportunities for development
<ul style="list-style-type: none"> <li>• Established Risk Management framework in place, incorporating reviews at Senior Management Team, Audit Committee and main Board.</li> <li>• Regular monitoring of Risk Registers in place and reporting thereon to relevant Committee / Board. This includes a quarterly review of risk rating scores.</li> <li>• Consistently using risk management in both strategic and operational decisions taken.</li> <li>• Results of Risk Register reviews considered at Executive Team level and reported to Audit Committee / main Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure consistency across Derby Homes of actions arising out of Risk Registers are embedded into day to day team operations.</li> <li>• Approach to frequency of assessing and evidencing risks from significant partners and seeking wider assurance on their contingency measures.</li> <li>• Training programmes on Risk Management - covered on an ad hoc basis by those employees undertaking Apprentice / QTS studies in associated topics.</li> <li>• Strengthen evidence to give assurance that risk appetite levels agreed are understood across the organisation.</li> </ul>

What are we doing well?	Opportunities for development
	<ul style="list-style-type: none"> <li>Strengthen centrally held evidence to ensure that contingency plans and escalation of reporting of issues are in place with key partners / stakeholders.</li> </ul>

To maintain effective oversight of Derby's culture shaping development priorities the self-assessment will be reviewed at least annually, with any updates presented through the annual review of Derby Homes risk register.