

**DERBY HOMES BOARD
23 NOVEMBER 2023
RISK MANAGEMENT STRATEGY 2023**

ITEM A13

Report of the Finance Director & Company Secretary

1. SUMMARY

- 1.1 Derby Homes' Risk Management Strategy and Handbook are required to be formally reviewed and updated every three years. This report seeks approval of the updated Risk Management Strategy and Risk Management Handbook.
- 1.2 The revised strategy is a key document of Derby Homes' risk management framework and processes.
- 1.3 To inform the refresh both documents have been subject to review activities, between March 2023 and August 2023, which has informed the revisions made. A summary of key changes to both documents is outlined in sections 4.4 to 4.5 of the report.
- 1.4 The Risk Management Strategy and Handbook were considered by the Audit Committee at their meeting on 30 October 2023 and subject to some minor amendments to the wording and grammar within the documents, have recommended these for approval to the Board.

2. RECOMMENDATIONS

- 2.1 To consider and approve the updated Risk Management Strategy as per Appendix 1.
- 2.2 To consider and approve the updated Risk Management Handbook as per Appendix 2.

3. REASONS FOR RECOMMENDATION

- 3.1 Derby Homes' Risk Management Strategy and Policy have been reviewed in accordance with the Board's policy to review key policies at least every three years.
- 3.2 The refresh of the Derby Homes Risk Handbook and Strategy was scheduled to take place after the publication of the updated Derby City Council Risk Strategy and Handbook, which were both approved in March 2023, ensuring appropriate alignment.

4. MATTERS FOR CONSIDERATION

- 4.1 Derby Homes' Risk Management Strategy and Handbook documents, currently in use, were considered by the Audit Committee in October 2019 and approved by the Board in November 2019.
- 4.2 To make sure that both the Strategy and Handbook are reflective of current practices, and according to the agreed review frequency both documents have been updated. The Risk Management Strategy and Handbook were considered by the Audit Committee at their meeting on 30 October 2023.
- 4.3 The focus of the latest review has been on ensuring the existing Strategy and Handbook are still fit for purpose and are aligned with updates to Derby City Council's refreshed Risk Management Strategy and Handbook, which were both approved in March 2023.
- 4.4 Key changes to the Risk Strategy (Appendix 1), which provides the architecture for the risk framework, includes:
- initial **Risk Maturity** assessment included outlining what is working well, and opportunities for future improvement; and
 - **risk appetite** guidance updated and referenced to Appendix C of the Risk Handbook.
- 4.5 In line with this, the Risk Handbook (Appendix 2), which supports in the practical application of risk management has been strengthened in several areas:
- **risk definition** updated to align with updated Derby City Council definition confirmed in March 2023 refresh.
 - **risk description** guidance updated to align with updated Derby City Council Handbook confirmed in March 2023 refresh.
 - completing the risk register guidance updated to include all current **risk register fields**.
 - high level **risk monitoring** guidance updated to align with current Derby Homes reporting processes and boards in place.
 - **risk matrix** aligned with Derby Homes matrix outlined in the Risk Strategy
 - the **risk management organisational structure** has been updated to align with current roles and responsibilities.
 - **risk appetite** guidance has been updated and aligned to Derby City Council risk appetite statements guidance published in the March 2023 Risk Handbook refresh. Key risk themes are set out within Appendix C of the risk handbook.

- 4.6 A significant development has been the inclusion of risk appetite statements, developed through workshops with senior leaders between 2021 and 2023, aided by Zurich. These were developed with the inclusion of Derby Homes senior leaders, and Derby Homes overall risk appetite is aligned to Derby City Council's risk appetite statements. Presented below, using key risk themes is a summary of the agreed risk appetite boundaries. Full risk appetite statements for each category, alongside supporting information on what each boundary means in the context of each risk category are included in the Risk Management Handbook (Appendix C within Appendix 2).

Risk categories	Risk appetite boundaries				
	Averse	Minimal	Cautious	Open	Hungry
Financial					
Compliance and Regulatory					
Contract Management and Business Acumen					
Partnership					
Colleague Wellbeing					
Safeguarding					
Innovation					
Technology					
Environmental					
H&S & Physical Security					
Reputation					
Council Assets					
Projects and Programmes					

- 4.7 Strategic and Operational risks will continue to be reported to Board every quarter, where further assurance on the effectiveness of controls can be sought, as required.
- 4.8 In line with agreed monitoring arrangements the Audit Committee will be presented with the next annual review of risk registers report in February 2024.
- 4.9 The next formal review of the Strategy and Handbook will be completed in 2025/26, with any changes required in the interim communicated via the annual risk updates; recognising that it is important that both documents are dynamic and reflective of the latest circumstances, opportunities and challenges for Derby Homes.

5. OTHER OPTIONS CONSIDERED

- 5.1 None.

IMPLICATIONS

6. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 6.1 None directly arising from this report. Financial implications of risk have not been changed in the risk management matrix, and risk owners make an assessment of this as part of risk identification and review processes.

7. LEGAL AND CONFIDENTIALITY IMPLICATIONS

- 7.1 None directly arising from this report. Legal implications of risk have not been changed in the risk management matrix, and risk owners make an assessment of this as part of risk identification and review processes.

8. RISK IMPLICATIONS

- 8.1 A robust risk culture needs to exist within Derby Homes, supported by a Risk Management Framework that is embedded into all processes.

9. POLICY REVIEW IMPLICATIONS

- 9.1 This is a key policy of Derby Homes and is included in the Key Policy Review Schedule. In accordance with Derby Homes Board Minute 10/51 this policy will be reviewed no later than 3 years from the date of this meeting.

The areas listed below have no implications directly arising from this report:

Consultation
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety

For more information please contact:

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Background information:

List of appendices	Appendix 1 – Risk Management Strategy 2023 – 2026
	Appendix 2 - Risk Management Handbook 2023 – 2026
	Appendix 3 – Risk Assessment Matrix

This report has been approved by the following.

Finance Director	Michael Kirk	07.11.2023
Company Solicitor	Taran Lalria	14/11/2023
Governance Services	Chloe Gaskell	13.11.2023