



RISK MANAGEMENT STRATEGY

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ORE VALLEY GROUP - RISK MANAGEMENT STRATEGY

INTRODUCTION

The Ore Valley Group consists of the Parent Company, Ore Valley Housing Association (OVHA) and its subsidiary companies; **Ore Valley Community Initiatives (OVCI)**, Ore Valley Enterprises (OV Ent.) and Cardenden Heat and Power (CHAP). **CHAP has its own subsidiaries and this strategy will also apply to those companies namely Ore Valley Energy Ltd. and Ore Valley Heating Ltd.**

Risk management is an important aspect of everything we do. We are exposed to a variety of risks in terms of health and safety, threats to service provision and from the potential of missed opportunities. It is essential that we can demonstrate that we are fully considering the implications of risk as we deliver our business for the benefit of all customers and service users.

Health and safety risk is managed through our formal health and safety arrangements.

Ultimately, effective risk management will help to ensure that the Ore Valley Group maximises its opportunities, and manages and minimises the risks it faces, thereby improving our ability to deliver our priorities and improve outcomes.

POLICY STATEMENT

The Group's policy is to manage business risk in such a way as to maximise gains and good performance, to maximise our ability to meet our objectives, plans and targets and to minimise losses.

The Association as the parent company or any of the subsidiary companies will not undertake an activity under the name of the Association or the Group, with an uncertain outcome, where the sole intended purpose is to make a financial gain, **nor without the completion of a risk appraisal.**

The Association as the Parent Company of the Ore Valley Group will maintain an effective control framework designed to manage risks effectively and record that we are doing so.

Where a proposed activity or venture has a residual risk after mitigation measures that is unacceptable the project will be rejected.

POLICY OBJECTIVES

- To confirm and communicate the Associations and subsidiaries commitment to risk management; to assist in achieving its strategic and operational goals and objectives.

- To formalise and communicate a consistent approach to managing risk; for all the Group's activities and to establish risk management and reporting arrangements..
- To ensure that all **significant** risks to the Association and its subsidiaries are identified, assessed and where necessary treated and reported in a timely manner through the Finance, Audit and Risk Management Committee and each of the subsidiaries Boards.
- **To identify the top 20 corporate risks and devote time and resources to ensure that these are properly considered and mitigated in as far as it is possible to do so, particular focus will be given to managing the top 10 risks identified.**
- **To consider and identify the risks faced by our tenants and whether there are actions which we can undertake to help tenants to mitigate these risks.**
- To assign accountability to all staff for the management of risks within their areas of control.
- **To provide a commitment that risk assessment and management is a core management capability.**

POLICY IMPLEMENTATION

Stage 1 - Identification and definition of business risks

Initial identification and definition of risks will include a specific description of the risk, together with an assessment leading to the risk being defined in terms of the likelihood and impact resulting in a combined score.

Very High	10
High	8
Medium	6
Low	2
Very Low	1

All identified risks will be recorded within a risk table, cross referenced to a document containing a more detailed description, assessment and response. Given that by its nature risk is dynamic, there will be ongoing reassessment in response to particular events as they unfold.

The ongoing review of risk will be undertaken on a dynamic basis and considered by exception. A more formal review will be undertaken each quarter by the Management Team and reported to the FARM Committee.

Any major threats to the Association or its subsidiaries, will be identified and monitored in line with their respective Business Plans, with contingency plans being developed to effectively respond in the event of such threats materialising.

Where it is cost effective to do so, the impact of risks materialising consideration will be given to minimising these risks through appropriate insurance cover or other indemnity from third parties with which the Association is operating.

Stage 2 - Allocation of

Responsibility The Board

The Board of the Association will have overall responsibility for monitoring the application of the Risk Management Strategy, however each subsidiary Board must consider their own risk management arrangements within the context of the Group Risk Management Strategy.

Delegated authority has been provided to the Finance, Audit and Risk Management Committee to consider in detail the acceptability of the level of risk involved in any venture and to incorporate its views into reporting back to the Board.

Each project proposal will also require to submit a Request For Authorisation (RFA) to the Board the RFA must contain a summary of the risk and mitigation measures.

Finance, Audit and Risk Management Committee

The Finance, Audit and Risk Management Committee will be informed of newly identified risks or changes to existing risks which are of a material nature and result in their inclusion or changing status within the top 20 risks. When appropriate the FARM Committee will report to the Board on specific issues in relation to particular risks.

As a matter of course, the CEO will report to The Board on an annual basis detailing progress on the implementation of the risk management framework and providing an update on the risks facing the Association as contained within the risk tables.

Subsidiary Boards

Each Subsidiary Board will be informed of newly identified or changes to existing risks which are of a material nature. As a matter of course the CEO will report to The Subsidiary Board on an annual basis detailing progress on the implementation of the risk management framework and providing an update on the risks facing the subsidiary as contained within the risk maps.

CEO

The CEO will have overall responsibility for ensuring the satisfactory implementation and functioning of the risk management framework. This will be monitored by means of a timetable, outlining the cycle of the risk management strategy and risks both identified and still to be identified.

Management Team

The Management Team will be responsible for setting and reviewing the risk management framework, identifying risks, operating and updating the process and reporting to The Board.

Each risk will be placed into an identified area of the group's business, outlining who will be responsible for each risk to be managed, ensuring that this person is providing ongoing monitoring of each risk.

All Staff

All staff are responsible for reporting any new or modified risks they become aware of to their Line Manager.

All staff may be required to carry out detailed work as directed by the Management Team to assess, respond to and report on specific areas of identified risk.

Stage 3 - Report

Specification Risk Tables

The Association staff will prepare risk tables as outlined at stage 1, these will be updated quarterly or as required and then reported to Finance, Audit and Risk

Management Committee and each of the Boards of the Subsidiary.. Responsibility for updating risk tables will lie with the responsible manager of the core area of the group's business.

The initial risk tables and documents should contain only the top tier of risks, **limited to top twenty across all areas of work.**

Only the risks falling into the categories below will be reported to the Finance, Audit and Risk Management Committee:

- **Risks falling within the top 10 highest scoring risks across the organisation.**
- **Risks where there has been a change resulting in it falling outwith the top 10.**
- **Any exceptions to the above at the discretion of the CEO/Senior Management team**

For the Subsidiary companies, **it is expected that similar arrangements are made for each subsidiary in terms of reporting** to the respective Board at their quarterly meeting.

Areas of Health & Safety will be dealt with separately through the ongoing review and development of Health & Safety Policies and Procedures.

Periodic Risk Reports

During the course of any year the CEO may bring forward reports **to respective Boards or the FARM Committee**, in relation to **significant** new emerging risks or material change to an existing risk along with proposals outlining how these could be dealt with.

Annual Risk Management Assurance Report

This report will be prepared by the CEO on behalf of Association and each of the subsidiaries and will include sufficient information to allow each Board to state that it believes the risk management framework to be operating satisfactorily.

PERFORMANCE MONITORING

Performance monitoring of risk management activity will ensure that the treatment of risk remains effective and the benefits of implementing risk control measures outweigh the costs of doing so. Performance monitoring is a continual review not only of the whole process, but also of individual risks or projects and of the benefits gained from implementing risk control measures.

ANTI FRAUD AND CORRUPTION

The Association has an anti-fraud and corruption framework which encompasses the work of **OVHA and** its Subsidiary companies, its purpose is to ensure a professional and ethical approach to combating fraud. The Association has adopted a strategic approach in order to minimise the risk of losses through fraud and corruption.

GENERAL

Procedure

Due to the diverse range of risks facing the Ore Valley Group, a range of different approaches will be adopted to address the risks identified. The most appropriate approach will be agreed by the Management Team involving other members of staff as required.

Prioritisation

Work to address risks will initially be targeted on specific risks which fall within the top 10-20 risks, representing the most serious and imminent risks to the OV Group.

All of the risks contained within the risk tables will be considered during the course of the year.

The CEO will ensure that risk maps are kept up to date.