



The Langstane Group

Risk management policy

Board / Committee	Board
Approval date	6 February 2025
Implementation date	7 February 2025
Review date	February 2028
Version	V6

Policy version	Date of approval	Changes made to policy
V1	8 April 2015	First issue
V2		New format used, risk appetite matrix attached
V3	15 July 2019	Updated risk rating, updated regulatory framework
V4	7 September 2020	Audit Committee now Audit and Financial Management Committee. Added role of Board of Management to maintain quarterly oversight added Notifiable Events note. PEST analysis replaced by STEEPLE
V5	3 November 2021	Amended definition of risk impact and risk likelihood. Added code for overall risk assessment. Introduced a threshold for reporting, added in details of security and access controls. Further information on reporting included. Added roles and responsibilities
V6	6 February 2025	Minor changes - scoring

1. Introduction

Langstane Housing Association is a Co-operative and Community Benefit Society and a registered social landlord with charitable status.

The Langstane Group (the Group) consists of Langstane Housing Association Limited and its wholly owned subsidiaries: Langstane Property Ltd, Langstane Developments Ltd and Langstane Maintenance Ltd.

This policy applies to all members of the Langstane Group.

The Group is fully committed to the provision of homes and services that meet all legislative and regulatory requirements. In addition, the Group wishes to act in a way that stands it 'shoulder to shoulder' with its peers in demonstrating good practice.

In recognising elements of the Groups' activities are subject to internal and predominantly external influences that may have a direct or indirect impact on the Groups' activities, this Policy sets down guidelines for the assessment of risk.

It is for each individual entity of the Langstane Group to determine their 'appetite' for risk and this document is not intended to replace a risk assessment for new projects – this will be established and presented under separate cover.

The importance of strong corporate governance in managing risk is essential.

2. Aims of the policy

The main aim of the Langstane Group Risk Management Policy is to ensure a clear and defined method of assessing and documenting risk throughout the Langstane Group is operated. In addition, there are clear areas of responsibility defined and risk is regularly reviewed by both the leadership team and the Joint Audit and Governance Committee with a quarterly oversight thereafter provided to the full Board of Management of Langstane Housing Association.

3. Objectives

The Langstane Group will:

- Provide a clear and consistent approach for all members of the Group to follow when identifying, analysing, controlling and monitoring risk;
- Consolidate risk within the Group allowing improved understanding of the key risks and their wider implications;
- Target areas that have the greatest impact; and
- Undertake more informed risk-taking and decision making.

4. Links to other corporate documents and policies

The Group's Risk Management Policy is linked to a number of corporate documents and policies in particular, but not solely:

- Business Plan;
- 30-year financial projections;
- Business Continuity Plan;
- IT Disaster Recovery Plan;
- Health and Safety Policy;
- Procurement and other relevant corporate Strategies;
- Procurement Policy;
- Treasury Management Policy;
- Financial Regulations; and
- Scheme of Delegation.

5. Policy

The Langstane Group is subject to not just legislative requirements but also regulatory requirements as defined by the Scottish Housing Regulator and other regulatory bodies.

Regulatory guidance is provided by the Scottish Housing Regulator in the form of 'Regulatory Standards of Governance and Financial Management'. There are seven guiding Regulatory Standards:

- "The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.
- The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.
- The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants."

In addition, there are clear guidelines for financial accounting within the Group and both internal and external auditors are employed to scrutinise and report on a range of working practices, not least risk management, designed to demonstrate best practice. This is to ensure the Group is able to anticipate and, as much as is reasonably practical, mitigate risks. At no time does any activity undertaken by an auditor, internal or external, relieve the Board of Management or the leadership team from their responsibility for risk management.

Risk assessment / method statement requirements carried out as part of operating a healthy and safe work place are detailed under separate policies.

6. Risk definition and management

The Scottish Housing Regulator defines risks as “uncertain future events that might prevent an organisation from achieving its business objectives”. This is in keeping with the ISO 31000 definition of risk.

Risk Management is defined as “the culture, processes and structures that are implemented by an organisation to manage potential risks and their adverse effects”.

Risk Management is an integral part of the Langstane Groups’ strategic planning and decision-making processes with new projects risk assessed at viability stage to inform decision making and ensure successful delivery.

Risk appetite takes into account the level of risk the Group is prepared to take to achieve the strategic objectives. The level of appetite is considered and set by each Board in the context of the regulatory environment, culture, the sector in which it operates and financial constraints.

Risks that may negatively affect the Group in the medium to long-term are considered strategic risks. Risk that are encountered in the day-to-day delivery of services and can negatively affect the Group’s ability to deliver its Business and other corporate plans are categorised operational risks.

The Langstane Group identifies, analyses, controls and monitors strategic and operational risks without adopting an overly bureaucratic burden that will ultimately affect service delivery.

At no time will solely the introduction of a risk on a risk register mean the Group does not advance activities in this area. A risk register is not intended to be a reason why innovation is stifled, merely that risks are identified, acknowledged and importantly, mitigated against where practical, and appropriately managed.

It is the role of the individual entities within the Langstane Group to determine their risk appetite and whether or not potential risks associated with an activity prove unacceptable.

Risk appetite is defined for the purposes of this policy as the amount of risk the Group is willing to seek or accept in the pursuit of its long term objectives. The Group's risk appetite matrix is attached (see Appendix 1) for guidance.

The Groups' standard approach will be 'open'. For higher risk activities the Group wishes to advance, consideration will be given as to how this can be achieved whilst protecting core services. Higher risk activities undertaken by a subsidiary that may negatively impact on the parent company i.e. Langstane Housing Association, will be highlighted as soon as practical. Care will be taken to ensure proportionality and to analyse the potential benefits gained.

Risks are initially identified using a STEEPLE analysis (see Appendix 2) – identify social, technological, economic, environmental / ecological, political, legal and ethical issues. These are updated annually.

Outwith this process, risks are identified using an agreed process (see Appendix 3).

The Group will, for ease of process, categorise risks into the following:

- Financial / Economic
- Political
- Legal / Regulatory
- Organisational

Identified risks are held on risk registers – one register detailing strategic risks, another register detailing operational risks. Strategic risks are risks that may impact negatively on the Langstane Group in the medium to longer term and usually come from external sources. Operational risks are linked to the Group's Business Plan and any other relevant strategic plans and show shorter term risks that prevent delivery of the Group's strategic plans.

The strategic risk register matrix is colour coded to very clearly identify higher and lower risk areas. The Group's Business Plan then mitigates medium to high risks where practical to do so.

Once a risk has been identified it is analysed to determine the 'likelihood' and 'impact' on the Group. Where a risk is identified as affecting only one or more members of the Group, but not all, this is highlighted.

Definition of likelihood

'Likelihood' is defined as follows within the strategic risk register:

- 2 – very remote: Extremely unlikely or virtually impossible
Less than 5% chance of happening
Unlikely to occur in 5 – 10 year period;
- 3 – remote: Could occur at some point
6% - 20% chance of happening
Unlikely to occur within a 2 – 5 year period;
- 5 – possible: Fairly likely to occur
21% - 50% chance of happening
Unlikely to occur once within a 1 – 2 year period
- 6 – likely: Will probably occur in most circumstances
51% - 80% chance of happening
Likely to occur once within a one year period
- 7 – very likely: Expected to occur in most circumstances
More than an 80% chance of happening
Likely to occur once within three months

Definition of risk impact

The impact of each risk is defined within the strategic risk register as:

Description	Financial	Injury or Illness	Asset Loss	Business Continuity	Reputational	Corporate Objectives	Regulatory & Legal
Insignificant (1)	<£50,000	Minor injury or illness, first aid, no days lost	Minor damage to single asset	<0.5 day	Minor media interest	Little or no impact - work around required within existing resources	Act or omission resulting in legal or regulatory breach causing insignificant impact loss (as categorised in other six impact categories)
Minor (2)	£50,000 - £100,000	Minor injury or illness, medical treatment, days lost	Minor damage to multiple assets	0.5 – 1 day	Headline media interest	Additional resources requiring leadership team authorisation or delay in achieving part of an objective	As above, causing minor loss
Moderate (11)	£100,001 - £250,000	Moderate injury or illness, medical treatment, hospitalisation, 14 days lost, RIDDOR reportable	Major damage to single or multiple assets	1 – 7 days	Headline media interest causing public embarrassment	Compromise in reaching objectives. Variation in achievement of key objectives	As above, causing moderate loss

Description	Financial	Injury or Illness	Asset Loss	Business Continuity	Reputational	Corporate Objectives	Regulatory & Legal
Major (50)	£250,001 - £500,000	Single death, extensive injuries or long-term illness (>14 days)	Significant loss of assets	7 – 30 days	Short-term media campaign	Elements of objectives abandoned, fail to meet needs of tenants and housing requirements	As above, causing major loss
Severe (75)	>£500,001	Multiple deaths or severe disabilities	Complete loss of assets	>30 days	Sustained media campaign / lobbying	Unable to deliver organisational objectives. Widespread failure to meet housing and tenant needs	As above, causing catastrophic loss and legal or regulatory supervision

Risk scoring

Taking the combined impact and likelihood into consideration, gives the following risk scores for the strategic risk register:

		Likelihood				
		Very remote (2)	Remote (3)	Possible (5)	Likely (6)	Very likely (7)
Impact	Severe (75)	150	225	375	450	525
	Major (50)	100	150	250	300	350
	Moderate (11)	22	33	55	66	77
	Minor (2)	4	6	10	12	14
	Insignificant (1)	2	3	5	6	7

	Lowest risk – monitor periodically; where practical introduce further controls
	Low to medium risk – lower level of monitoring required; controls in place
	Medium risk – monitor regularly; ensure controls are adequate and working; linked to business plan
	High risk – most significant risks; ensure controls are actioned; update full Board of Management on regular basis; actions within the business plan target known risks to reduce their likelihood and, if possible, their impact

Using the above keeps all risks with the potential to have a severe impact on the Group within focus, and indicates which risks pose a greater overall concern for the Group.

The Group analyses and documents which part(s) of business the risk impacts on, for example:

- Financial – where the Group could suffer a financial loss / penalty;
- Regulatory – where the risk could impact on the Group's relationship with regulatory bodies;
- Reputation – where the reputation of one or all parts of the Group could be negatively affected; and
- Organisation (e.g. service delivery) – where the ability of the Group to continue the same level of service delivery is negatively affected.

Thereafter mitigating actions are identified, providing an overall combined score for 'likelihood' and 'impact'.

Threshold

The Group will remove risks from the Strategic Risk Register that remain green following mitigation measures being put in place. These are risks that are unlikely to happen but even if they were to materialise, their impact on the Group would be minor to insignificant.

7. Assurance

Assurance is an important function of governance in any organisation. The Board of Management of Langstane Housing Association is provided with accurate and current information about the efficiency and effectiveness of the Group's operations and the status of its compliance with regulatory and statutory obligations.

The Group measures assurance levels through the use of assurance indicators. These provide information on:

- Whether or not assurance can be provided by independent or in-house scrutiny
 - Yes
 - No;
- The date of any assurance provided;
- The assurance level
 - Full assurance
 - Reasonable assurance
 - Limited assurance
 - No assurance;
- The assurance type
 - External audit
 - Internal audit
 - In-house assessment
 - External assessment
 - No assessment.

Links to the Group's Business Plan are made.

Where areas of risk, even after mitigation action is taken, remain yellow, amber or red, a timescale and methodology for gaining assurance / review will be determined by Audit and Governance Committee.

See Appendix 4 for an example of the Langstane Group's strategic risk register. This register is currently held in excel within a secure drive that is restricted by Group Policy. The files are further restricted by Network Gateways and Firewalls.

As part of its responsibilities for the review and approval over the output and reporting from the Group's assurance processes, the Audit and Governance Committee shall

consider whether there any additional risks identified from such assurance processes that are not recorded within the Group's risk register and which should be subject to further consideration by management for inclusion and action within the register.

Periodically the Audit and Governance Committee shall consider whether assurance shall be obtained over the Group's processes and systems for identifying, documenting and managing risks.

8. Roles and responsibilities

Although ultimate responsibility for risk management lies with the Board, it must be stressed that risk management is the responsibility of everyone working for or on behalf of the Langstane Group.

Members of the governing bodies, staff and those working for or on behalf of the Langstane Group must be willing to undertaken relevant training to ensure they full understand the Group's risk management framework and how to report / highlight any potential risks.

The following outlines the roles and responsibilities of the various functions across the Group in relation to risk.

Board of management

Board of management holds overall responsibility for establishing and overseeing the control and risk management framework for the Langstane Group. This includes:

- Determining the group appetite for risk;
- Agreeing the risk management framework within the Group; and
- Receiving quarterly reports detailing the most significant risks following approval of the updated strategic risk register by the Audit and Governance Committee.

Langstane Housing Association's board approves operational responsibility for risk management as follows:

Joint audit and governance committee

Joint audit and governance committee holds responsibility for the design of the Langstane Group's risk management and assurance systems ensuring effective systems for risk management are in place and approve quarterly reports relating to strategic risks.

As part of its responsibilities for the review and approval over the output and reporting from the Group's assurance processes, the audit and governance committee will consider whether there any additional risks identified from such assurance processes that are not recorded within the Group's risk register and which should be subject to further consideration by management for inclusion and action within the register.

An annual report will be presented to the audit and governance committee detailing an opinion on the Group's risk management and internal control systems.

Periodically the audit and governance committee will consider whether assurance shall be obtained over the Group's processes and systems for identifying, documenting and managing risks.

Chief executive

The chief executive holds overall responsibility for ensuring the day to day operation of the risk management framework for the Langstane Group is sufficiently resourced and administered. In addition, the chief executive ensures all risk management policies, procedures, and registers are kept up to date, and incorporate a robust level of scrutiny and mitigation for known risks.

Leadership team

The leadership team (along with the board of management and including the chief executive) holds collective responsibility for proactively identifying, documenting, analysing, managing and monitoring strategic risks within their specific areas of responsibility. These risks are then set out in a risk register and presented to the audit and governance committee quarterly.

The leadership team ensure service managers appropriately identify, document, analyse, manage and monitor operational risks within their service area.

Service managers

Service managers are responsible for identifying, documenting, analysing, managing and monitoring operational risks within their specific areas of responsibility.

Employees

All employees, and those working for or on behalf of the Group, must maintain an awareness and understanding of key risks and the appropriate management of these in day to day activities. Potential risks must be reported to service managers as a matter of priority.

Health and safety groups

The health and safety groups assist in the reduction of health and safety risks to the Langstane Group through the consideration and advice of health and safety related policies, both statutory and otherwise, and the monitoring and review their effectiveness. This includes policies held within the EVH health and safety manual and the EVH landlord safety manual.

The health and safety employee and landlord groups monitor compliance with health and safety requirements in three main areas – Langstane as an employer, a landlord and a

contractor. This includes ensuring the provision of appropriate and up-to-date risk assessments and methods statements; an up-to-date COSHH register that eliminates as far as reasonably practical any requirement for appropriate personal protective equipment (PPE); and where PPE is required, the provision and use of adequate and effective PPE is made and used accordingly.

These activities are reported annually as part of the annual assurance process and minutes of the meetings presented to the leadership team and to the relevant boards of management.

Insurance

The Langstane Group holds comprehensive insurance to mitigate some of the risks associated with operating a housing association. This does not exonerate anyone from their areas of responsibility and can only mitigate known risks to a certain extent, not their entirety.

Internal audit

The primary focus of internal audit is to review, strengthen and improve the Group's systems of internal control. This includes a review of the Group's risk management framework.

Internal audit plays a central role in reviewing the governance, risk and control measures for the Langstane Group, specifically in relation to risk management. The Group's internal auditor reports directly to the audit and governance committee. If required, the Group's auditor will report directly to the board of management.

9. Monitoring and review

Reports, previously agreed by the leadership team, are presented at the first joint audit and governance committee meeting after each quarter end. The summary report highlights any significant changes from the previous quarter, and the full strategic risk register, is available to view.

Thereafter a summary is provided to the board of management and any relevant subsidiary board / management committee.

Reporting in the interim period is by exception, where a significant risk is identified.

The operational risk register is reviewed on a quarterly basis by service managers. Any significant risks are identified to the leadership team as soon as reasonably practical.

It is the role of the internal audit function to ensure the risk management framework is applied across all areas of operation including strategic planning, performance management and project management. This is monitored by the Group's joint audit and governance committee.

The risk management policy will be reviewed three-yearly or sooner if material changes in legislative, regulatory or good practice requirements warrant a changed approach.

10. Notifiable events

Any notifications made to the Scottish Housing Regulator will be made in keeping with the Scottish Housing Regulator's notifiable events guidance, the Group's notifiable events policy, and the Group's scheme of delegation.

Reporting in the interim period is by exception, where a significant risk is identified.

Risk appetite

Appendix 1

Langstane retains an open appetite for risk.

It should be noted that an open appetite for risk in relation to legal and regulatory matters does not mean the Langstane Group will knowingly breach any legal or regulatory requirement. However, as is often found, the interpretation of such can be subject to challenge.

	Averse	Minimalist	Cautious	Open	Challenging
	Avoidance of risk and uncertainty is a key Group objective	Preference for ultra-safe approach that has a low degree of inherent ¹ risk and potential for limited reward	Preference for safe approach that has a moderate degree of inherent risk and may only have limited potential for reward	Willing to consider all options and choose the one that is most likely to result in success while also providing an acceptable level of reward	Eager to be innovative and choose options offering potentially higher business rewards despite greater inherent risk
Category of risk	Example behaviours when taking key decisions				
Financial / Economic	Avoidance of any financial loss is a key objective Only willing to accept the low cost option	Only prepared to accept the possibility of very limited financial loss if essential Value for money is a primary concern	Prepared to accept some limited financial loss Value for money is the primary concern but also willing to consider the benefits	Prepared to invest for reward and minimise the possibility of financial loss by managing any risks to a tolerable level Value and benefits considered (not just the lowest cost option)	Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls are in place) Resources allocated without any firm guarantee of return
Legal / regulatory	Avoid anything that	Want to be very sure	Limited tolerance for	Challenge would be	Chances of

	Averse	Minimalist	Cautious	Open	Challenging
	<p>could be challenged, even unsuccessfully</p> <p>Minimal tolerance for any decisions that could lead to scrutiny of the Group</p>	<p>any challenge would be unsuccessful</p> <p>Tolerance for risk taking limited to those events where there is no chance of any significant repercussions</p>	<p>taking a chance</p> <p>Want to be reasonably sure any challenge would be unsuccessful</p> <p>Tolerance for risk taking limited to those events where there is little chance of any significant repercussions should there be a failure</p>	<p>problematic but likelihood is it would be unsuccessful</p> <p>The gain will outweigh any challenge</p> <p>Appetite to take decisions with potential to expose the Group to additional scrutiny but only where appropriate steps have been taken to minimise any exposure</p>	<p>unsuccessful challenge are less certain but success would be significantly advantageous</p> <p>Appetite to take decisions that are likely to bring scrutiny of the Group but where potential benefits outweigh the risks</p>
Organisational	<p>Defensive approach to meeting objectives – aim is to maintain existing status quo rather than innovate</p> <p>Priority for tight management controls and oversight with limited devolved decision making authority</p>	<p>Innovation always avoided unless essential</p> <p>Decision making held by leadership team</p>	<p>Tendency to remain with the status quo, innovation generally avoided</p> <p>Decision making generally held by leadership</p>	<p>Innovation supported with demonstrable improvements</p> <p>Responsibility for non-critical decision making may be devolved</p>	<p>Innovation pursued with a desire to 'break the mould' and challenge current working practices</p> <p>High levels of devolved decision making – management by trust rather than control</p>

	Averse	Minimalist	Cautious	Open	Challenging
Political	No desire to change policy at a local and national level	Limited input into consultation opportunities	Limited input into consultation opportunities	Maximise the opportunity to influence decision making Attend strategic and operational events to influence how services are delivered locally and nationally	Highlight challenges at every opportunity Campaign and lobby decision makers where an opportunity arises

¹ An inherent risk is a risk that is impossible to manage or transfer away or a risk that exists when no controls have been put in place

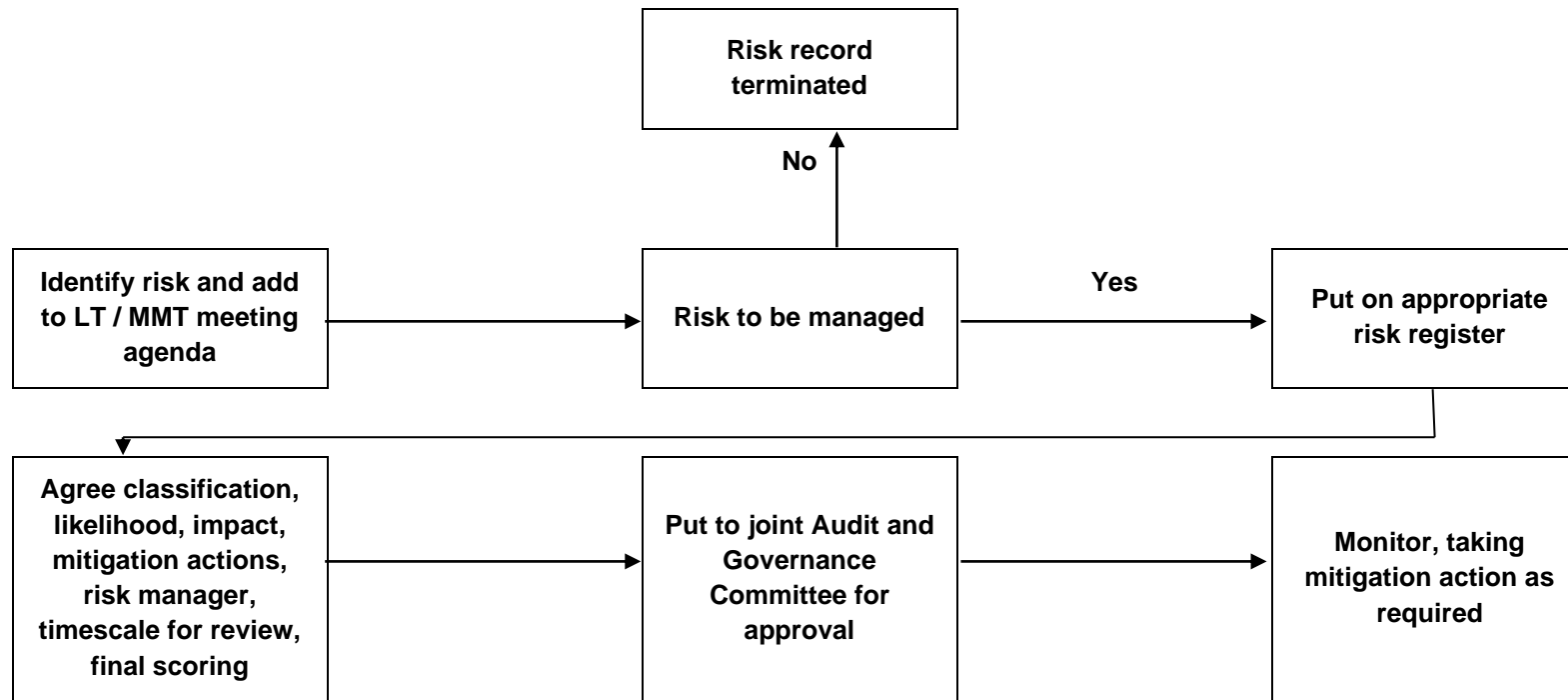
Appendix 2

STEEPLE analysis

A STEEPLE analysis is a strategic planning tool used to examine external factors affecting the growth and performance of an organisation – it is a variant of the popular PESTLE analysis.

Once the factors that may impact on the Langstane Group are listed, identify the implications of each, rate them (likelihood and impact) and decide if further action is required.

S SOCIAL	T TECHNOLOGICAL	E ECONOMIC	E ENVIRONMENTAL	P POLITICAL	L LEGAL	E ETHICAL
Demographic changes	Changes - in mobile technology; in IT	Economic growth	Environmental regulations; legislation	Stability / uncertainty	Legislation – health and safety, housing, construction, procurement, GDPR, FOI, employment, human rights, etc.	Homelessness
Mobility – physical; social	New IT investments and developments	Unemployment levels	Sustainability	Changes in policy	Compliance burdens	Affordability
Lifestyle changes	User training and skills in new technologies	Inflation	Flooding	Global events	Tax changes	Value for money
Wealth distribution	Cyber security	Interest rates	Weather patterns	Post Brexit challenges	Employment rights	Quality – life (health); home (safety, cost)
Fuel, food, furniture poverty	Global events	Living wage	Global events	Scottish Independence	Cyber security	Equality, Diversity, Inclusion
Equality, Diversity, Inclusion	Economic climate	Pension deficit (DB)	Economic climate	Unintended consequences	Statutory and Regulatory compliance	Opportunity
Human Rights	Resource shortages	Affordability	Resource shortages	Lack of understanding	Regulatory standards	Human rights
Education	Digital engagement and connectivity	Finance - cost and availability; loan covenants	Regulatory standards – SHQS; EESSH; Net Zero	Scottish Government expectations e.g. place making	Post Brexit challenges	Sustainability
Opportunity	SMART technology in homes	Income / expenditure	Carbon footprint			Security
Global events	Data and skills to produce / analyse	Welfare benefit changes	Health and safety			Rural and remote schemes
Post Brexit challenges		Post Brexit challenges; global events	Tenant awareness / level of expectation			Global events
Economic climate		Resource shortages	Water shortages			Economic climate
Resource shortages		Value for money	Biodiversity			
Community cohesion		Commercial operation whilst retaining social ethics				
Societal / tenant expectations		External intervention				
Infrastructure		Pension deficit				



Example of the Langstane Group's strategic risk register

Appendix 4

Langstane Group - Strategic Risk Register and Matrix																	
										Version V6						As at	Insert date
Risk Category : <insert category>																	
No assurance sources to be older than 3 years																	
Item	Link to Business Plan	Risk area	Risk description	Main impact area	Current control measures	Mitigation / control measures to be introduced	Likelihood	Severity of impact	'Net' risk	Status of risk	Assurance Sources	Assurance Date	Assurance Level	Assurance Type	Responsible	Update due	Comments