

# NORTH VIEW Housing Association

North View is a registered Scottish charity – charity registration number SC032963

## POLICY

## RISK MANAGEMENT STRATEGY

Passed:-	28/01/2026	Review Date:-	December 2028
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All North View policies and publications can be made available on CD/data-to-voice, in Braille, large print and community languages.

For further details please contact us on 0141 634 0555 or email us on [enquiries@nvha.org.uk](mailto:enquiries@nvha.org.uk)

### 1. PURPOSE OF THIS DOCUMENT

This Risk Management Strategy applies to North View Housing Association (NVHA). The Association is committed towards the identification, understanding and management of risk.

NVHA will take positive steps to ensure compliance with all regulatory requirements relating to risk management and have management arrangements, resource skills and systems which are appropriate to their circumstances, scale and scope of operation, and ensure that their activities are backed by proper systems of assurance for internal control.

### 2. WHY WE NEED TO MANAGE RISK?

The focus on risk management, as part of the process of good governance, effective business planning and safeguarding stakeholder assets, takes account of the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, including Standard 4 which states that:

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

The Regulator requires that NVHA has an effective risk management and internal controls assurance framework in place. We demonstrate this through regular reports considered and approved by the Audit, Risk and Compliance Sub-Committee and included in the financial statements of NVHA. An effective Risk Management Strategy is an integral part of this assurance and is crucial to support the statement. On that basis NVHA will continue to focus on embedding risk management throughout the organisation by putting in place a pro-active risk management framework.

Risk Management is beneficial to NVHA as it:

- helps us to be more flexible and responsive to new internal/external demands;
- helps NVHA make informed decisions;
- provides assurance to the Committee, the Director and the Senior Staff Team;
- reduces incidents and other control failures; and
- helps in the achievement of NVHA's key targets and priorities.

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Managing the risks to our business objectives reduces the chance of us having to deal with the unexpected and ensures proactive management rather than reactive crisis management. At a time when resources are limited, it is especially important to reduce the number of unwanted surprises.

The framework for managing risk sets out the process through which risks will be identified, assessed, controlled, monitored and reviewed. The framework is designed to:

- integrate risk management into the culture of NVHA;
- raise awareness of the need for risk management;
- encourage a positive approach to risk management;
- support improved decision making, innovation and performance, through a good understanding of risks and their likely impact; and
- manage risk in accordance with best practice.

### 3. DEFINITIONS

#### What is a risk?

*“The threat or possibility that an action or event will adversely affect an organisation’s ability to achieve its objectives.”*

#### What is risk management?

*“Risk management is the process which aims to help NVHA understand, evaluate and take action on all our risks with a view to increasing the probability of our success and reducing the likelihood of failure.”*

### 4. RISK MANAGEMENT AIMS AND OBJECTIVES

- Provide continuous high-quality services to the customers of NVHA;
- Use appropriate identification and analysis techniques to identify risks to NVHA and determine the long and short-term impact;
- Prioritise and implement economic control measures to reduce or remove risks;
- Protect and promote the reputation of NVHA;
- Through the use of training and communication, develop and maintain a structured risk management culture, where risk is considered in the decision-making process and the everyday working situations of all Staff;
- Maintain systems for recording and providing accurate, relevant and timely risk management information;
- Reduce the long-term cost of risk to NVHA;
- Report on and review the Risk Management Strategy in accordance with best practice guidelines.

## 5. UNDERLYING APPROACH TO RISK MANAGEMENT

The following key principles underlie NVHA's approach to risk management and internal control:

- The Committee has responsibility for overseeing risk management within NVHA as a whole;
- An open and receptive approach to solving risk problems is adopted by the Committee;
- The Director and Senior Staff Team support, advise on and implement policies approved by the Committee;
- Risk management forms part of NVHA's system of internal control;
- NVHA makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- All Staff are responsible for encouraging good risk management practices within their areas of responsibility.

## 6. ROLES AND RESPONSIBILITIES

### ROLE OF THE NORTH VIEW HOUSING ASSOCIATION MANAGEMENT COMMITTEE (The Committee)

The Committee has a fundamental role to play in the management of risk (Strategic Risks and high level Operational Risks). Its role is to:

- Set the tone and influence the culture of risk management within NVHA.  
This includes:
  - determining whether NVHA is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
  - determining what categories of risk are acceptable and which are not;
  - Setting the standards and expectations of Staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for NVHA;
- Approve major decisions affecting NVHA's risk profile or exposure;
- monitor the management of significant risks to reduce the likelihood of unwelcome surprises;
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- Annually review NVHA's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

### ROLE OF THE AUDIT, RISK & COMPLIANCE SUB-COMMITTEE

The Audit, Risk and Compliance Sub-Committee will at each of the scheduled meetings receive an update report on the Strategic Risks and any high level Operational Risks. Its role is to:

- Monitor the management of high level risks (Strategic and Operational);
- Review the Risk Appetite of NVHA and make recommendations to the Committee;
- Satisfy itself that all known risks are being actively managed, with the appropriate controls in place and working effectively;

- Annually review NVHA's approach to risk management and approve changes or improvements to key elements of its processes and procedures;
- Appraise the Strategic Risk Register on a quarterly basis.

## **ROLE OF THE DIRECTOR**

### **Role**

- To ensure that NVHA manages Strategic and Operational risk systematically, economically and effectively through the development of an all-encompassing Risk Management Strategy;
- To support NVHA in the development, implementation and review of the risk management Strategy;
- To share experience on risk, risk management and Strategy implementation across NVHA.

### **Responsibilities**

- To acquire a knowledge of risk management and its benefits;
- Monitor, evaluate and update NVHA's Strategic Risk Register at least once a quarter;
- Review the Risk Management Strategy;
- Report to each meeting of NVHA Audit, Risk and Compliance Sub-Committee on the status of risks and controls;
- Ensure risk management and its processes are disseminated and are embedded throughout NVHA;
- Continuous development, promotion & implementation of risk management throughout NVHA;
- Preparation of relevant contingency plans in those areas that are considered high risk;
- To review any training requirements to enable the development and implementation of risk management.

The Director will take overall responsibility for the administration and implementation of the risk management process.

## **THE ROLE OF THE SENIOR STAFF TEAM**

To manage Strategic and Operational risk relating to their own service area/department and:

- To review and update their risks at team meetings at least;
- To contribute to the development of risk management from a function specific perspective;
- To disseminate the detail of the Strategy and allocate responsibilities for implementation of the Strategy in each service area/department;
- To recommend the necessary training on risk management for the employees in the section;
- To share relevant information with other service areas/departments;
- To identify any risk management issues in their service area/department;
- To provide feedback to the Director on their experience of implementing risk management and their perceptions of the effectiveness of the approach; and
- To ensure that the Strategy is implemented across their service areas/departments.

## STAFF

Staff have a duty to ensure that risk is managed effectively in their area. This includes engagement with Staff in other teams through formal and informal processes.

All Staff across NVHA have a responsibility for identifying risks in performing their daily duties and taking action to limit the likelihood and impact of these risks.

## 7. RISK APPETITE

The success of NVHA is a result of effectively managing our strategic risks, which in turn support the achievement of our key targets and priorities. NVHA acknowledges that an element of risk exists in all activity it undertakes.

Risk appetite is defined as the amount of risk an organisation is prepared to tolerate or be exposed to, should the risk be realised. Too great a risk appetite can jeopardise a project or activity whilst too little could result in lost opportunity.

NVHA's risk threshold is, when using the scoring structure, the risk is significant after controls are applied ('Amber' on the risk scoring methodology – Appendix B). Above this threshold, NVHA will actively seek to manage the risk and will prioritise time and resources to reduce, avoid or mitigate these risks.

The Committee agrees the Risk Appetite (what level of risk is acceptable) for NVHA and the appropriate level of risk mitigation activity for each risk is this category.

A risk owner will be designated for each high level risk on the Strategic Risk Register and for Operational Risks. Appropriate persons will be designated for all other risks. Risk owners will ensure that risk controls and future actions address the risks identified and will be required to monitor the status of their portfolio of risks at least once a quarter. Risk owners will be reviewed at least on an annual basis.

## 8. RISK MANAGEMENT PROCESS

NVHA's risk management process features the following five steps:

### Step 1 – Identify Risks

Using NVHA objectives, it will identify the potential threats that could jeopardise their achievement and in turn look at ways to manage these risks.

Risk identification attempts to identify exposure to uncertainty. Risk owners are responsible for identifying the risks that the service areas/department face.

Having identified the risks, these are recorded on the Strategic Risk Register. Operational risks are devolved with Senior Staff Team. Where appropriate, a project level risk register may be maintained for a specific strategic initiative, such as a new capital project.

Risks shall be identified at all levels of NVHA:

- **Strategic** - Where threats and opportunities could affect decisions on NVHA's strategic objectives;
- **Senior Staff Team Level (Operational)** - Where threats and opportunities could affect decisions on operational actions which link to NVHA's strategic objectives;
- **Project Level** - Where threats and opportunities could affect the delivery of project targets.

### **Risks, Cause and Effect:**

Risks are best expressed using a risk, cause and effect relationship.

Understanding the most important 'cause' helps formulate the best possible actions to manage an uncertainty (i.e. treating the root cause instead of the symptom). Understanding the most important effect helps formulate the best possible contingency plan in case an uncertainty does happen with negative impact.

### **Step 2 – Assess Risks**

Emerging risks will be identified and discussed by NVHA's Senior Staff Team on an ongoing basis. Any information that impacts upon NVHA's risk profile shall be formally assessed and appropriate action identified and monitored in line with the framework identified in Appendix B.

Risks are assessed by looking at the likelihood of the risk occurring and the impact that the risk would have if it were to occur.

Many controls are in place to minimise identified risks. However, in the first instance, risks are assessed as though there are no controls in place i.e. the worst case scenario or if the controls in place were ineffective. This is known as the '**RAW**' risk score. The Inherent risk level is recorded in the risk register.

In most scenarios, however, there will be controls in place to minimise the impact or likelihood of the identified risk occurring. Risks are, therefore, assessed based on the impact and likelihood of the risk occurring considering that there are mitigating controls in place. This is known as the '**NET**' risk score.

The Audit, Risk and Compliance Sub-Committee template report at Appendix C shows how the 'RAW' and 'NET' scores are formatted.

Each risk is allocated a risk owner/risk lead whose name is recorded on the risk register. Guidance on how the impact and likelihood levels of a risk should be assessed can be found in Appendix B.

### **Step 3 – Prioritise Risks**

Some risks command a higher priority due to their likelihood and impact.

Both the 'RAW' and 'NET' impact levels of each risk are plotted and prioritised using a 5 by 5 matrix (See Appendix B).

A 'traffic light' system is used to categorise risks.

#### Step 4 – Control Risks

Once the category of a risk has been assessed, how the risk is then managed is set out, together with any future actions required.

Risk owners are responsible for:

- ensuring that appropriate resources and importance are allocated to the process;
- confirming the existence and effectiveness of the mitigating controls and ensuring that any proposed mitigating actions are implemented;
- providing assurance that the risks for which they are risk owner are being effectively managed.

### 9. TRAINING

NVHA will support the provision of training and briefing sessions for relevant Staff and Management Committee members.

### 10. RISK MANAGEMENT AS PART OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control incorporates risk management. The system encompasses several elements that together facilitate an effective and efficient operation, enabling NVHA to respond to a variety of operational, financial and commercial risks. These elements include:

<i>Policies and Procedures</i>	Attached to significant risks (e.g. loss of rental income) are a series of policies that underpin the internal control process. Written procedures support the policies where appropriate
<i>Reporting</i>	The Director, the Management Committee and the Audit, Risk and Compliance Sub-Committee receive several key reports which allow for the monitoring of key risks and their control – e.g. the quarterly management accounts
<i>Business Planning and Budgeting</i>	The business planning and budgeting process is used to set objectives, agree action plans and allocate resources – these take account of risk. Progress towards meeting business plan objectives is monitored regularly
<i>Project Management</i>	All approvals for the execution of substantial new projects include an examination of risk.
<i>Audit, Risk and Compliance Sub-Committee</i>	The Audit, Risk and Compliance Sub-Committee is required to report to the Committee on internal controls and to alert Members to any emerging issues. As part of this function, the Sub-Committee oversees internal audit and external audit.

<i>Internal Audit Programme</i>	The Committee will receive reports from the Director and include consideration of NVHA's system for the management of risk in its own reports to the Committee. Internal audit is an essential element of the internal control process. It will include a review of the effectiveness of the internal control system in its reports to the Committee . The annual internal plan should be set based on a risk-based approach.
<i>External Audit</i>	External audit provides feedback to Management Committee on the operation of the internal financial controls and provides a Management Letter to the Committee.
<i>Third Party Reports</i>	On occasions other agencies and consultants will provide reports which will refer to the effectiveness of the internal control systems

## 11. ANNUAL REVIEW OF EFFECTIVENESS

The Committee is responsible for ensuring that there is an annual review of NVHA risk management processes, including ongoing identification and evaluation of significant risks and the allocation of resources to address areas of high exposure.

The Director and Senior Staff Team will:

- review NVHA track record on risk management and internal control over the previous year;
- consider the internal and external risk profile of the coming year and consider if current internal controls are likely to continue to be effective.

In making its decision the Senior Staff Team will consider the following aspects:

- **Control Environment**
  - NVHA's objectives and its financial and non-financial targets;
  - Organisational structure;
  - Culture, approach and resources with respect to the management of risk;
  - Delegation of authority within NVHA.
- **On-going identification and evaluation of risk**
  - Timely identification and assessment of risks, and prioritisation of risks and the allocation of resources to address areas of high exposure.
- **Information and Communication**
  - Quality and timeliness of information on risks, and the time it takes for control breakdowns to be recognised or new risks to be identified.
- **Monitoring and Corrective Action**
  - Ability of NVHA to learn from its problems;
  - The commitment and responsiveness with which corrective actions taken are implemented.

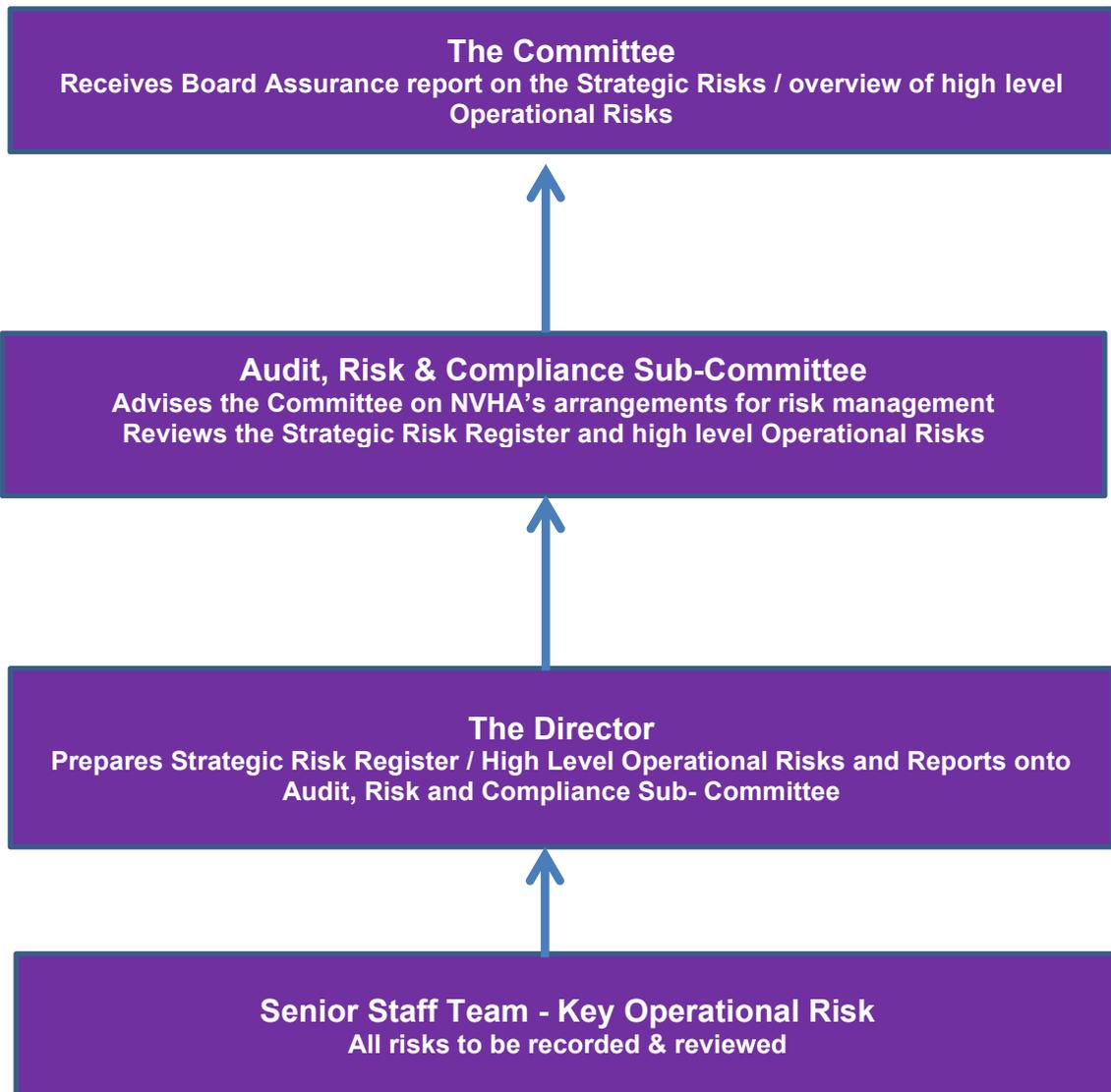
The Senior Staff Team will annually review the effectiveness of NVHAs internal control system.

A report will be produced annually for consideration by the Management Committee.

## **12. STRATEGY REVIEW**

The Association will review this Strategy every three years.

## APPENDIX A: Risk Management Reporting and Escalating



## APPENDIX B: Risk Matrix and Scoring Method

<b>IMPACT</b>	Extreme/catastrophic 5	5	10	15	20	25
	Major 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Minor 2	2	4	6	8	10
	Insignificant 1	1	2	3	4	5
			1	2	3	4
		Remote	Unlikely	Possible	Probable	Highly Probable
		<b>LIKELIHOOD</b>				

- The **likelihood and impact of each identified risk** are scored using the descriptions on each axis of the chart, from 1 (lowest) to 5 (highest). The scores for likelihood and impact are then multiplied, to give an overall risk score.
- Separate scores are prepared for **RAW RISK** (the level of risk if no action is taken) and **NET RISK** (the level of risk after measures to control it are taken into consideration).
- The scores for net risks are highlighted and colour-coded in the Register as follows:

**RED**: the risk score is **HIGH (score 15 or greater)**

**AMBER**: the risk score is **SIGNIFICANT (score 8 to 12)**

**GREEN** – the risk score is **MODERATE (score 4 to 6)**

# APPENDIX C: Example Audit, Risk and Compliance Report

RISK TITLE	CAUSE & EFFECT	RAW Likely	RAW Impact	RAW TOTAL	RISK CONTROL (MITIGATION)	NET Likely	NET Impact	NET TOTAL	FUTURE ACTION REQUIRED	RISK OWNER
IMPACT OF EXTERNAL ECONOMIC ENVIRONMENT ON NORTH VIEW'S ORGANISATIONAL AND FINANCIAL RESILIENCE	<p>CAUSE</p> <p>C1) UK inflation persists at exceptionally high levels</p> <p>C2) Cost of living crisis for tenants, especially energy and food costs</p> <p>C3) Substantial increases in interest rates, to damp down inflation</p> <p>C4) Substantial cuts in public spending from April 2023</p> <p>C5) War in Ukraine and Middle East: higher gas prices, geopolitical instability</p> <p>C6) UK reliance on imported building materials, weak £, continuing impact of Brexit</p> <p>C7) Higher costs/disruptions in supply for maintenance works</p> <p>EFFECTS</p> <p>E1) Higher costs create a need for increased rental income</p> <p>E2) Cost of living crisis: social landlords have been unable to increase rents in line with their costs. Impact on North View's budgets and financial projections. Duration uncertain</p> <p>E3) Higher loan repayments on variable rate loans</p> <p>E4) Potential difficulty in operating within budget and financial projections: impact on rents, investment, management costs</p> <p>E5) Possible spending cuts by GCC on local services</p> <p>E6) GCC cuts in neighbourhood management services, expectation that housing providers should fill the gaps but with no funding to enable this</p> <p>E7) Uncertainty about future costs and availability of materials for repairs and maintenance. If pressures ease, likelihood that costs will increase more slowly rather than reduce to historic levels</p>	5	5	25	<p>C1) to C7)</p> <ul style="list-style-type: none"> <li>Assumptions used in financial projections and 2025/26 budget proposals have been shaped by careful analysis of the operating environment</li> <li>Short- and longer-term measures for rental income and cost management have been developed to help ensure a clear pathway through the current economic climate</li> <li>Use of external financial services provider ensures that North View has access to broad and informed perspectives to inform its budgeting and financial planning</li> </ul> <p>C6), C7)</p> <ul style="list-style-type: none"> <li>North View's <del>trades team</del> helps to mitigate risk of labour shortages</li> <li>Availability of materials/components is monitored proactively and is confirmed before purchase</li> <li>Investigation of alternative specifications if required, to avoid delays</li> <li>Monitoring costs for materials/components</li> <li>Consideration of costs and products options when procuring</li> </ul>	4	5	20	<p>C1) to C7)</p> <ul style="list-style-type: none"> <li>Close monitoring of economic and market conditions, to bring costs and income back into better balance when circumstances permit (i.e. significant fall in inflation and easing of pressures on tenant incomes). <b>Inflation is down from a peak of 11.1% in October 2022, sitting at 3.8% in September 2025 (it has remained at 3.8% since July 2025)</b></li> <li>Prompt response to any additional emerging threats e.g. should the threat of government intervention in rent levels/increases return. As in other areas, options to consider might need to include reductions in expenditure</li> <li>Rigorous approach to rent review, budget, and financial projections, with assumptions reviewed and subject to sensitivity analysis for key variables <b>Senior staff, Finance Officer and FMD currently working on 2026/2027 draft budget at present. This will be presented to the Management Committee in December 2025</b></li> </ul> <p>C6) to C7)</p> <ul style="list-style-type: none"> <li>Full consideration of price trends, product availability, tariffs etc when setting the annual maintenance budget and preparing the financial projections</li> <li>Uncertainties addressed in financial projections stress testing</li> <li>Early review of programmes if costs increase (e.g. if programmes have to be re-scheduled)</li> <li>Good communication with tenants if <b>programmes likely to change</b> (e.g. delayed or re-configured)</li> </ul>	DIRECTOR

## APPENDIX D: Risk Management Reporting Cycle

The table below sets out the risk management reporting cycle:

Risks	Management Committee	Audit, Risk & Compliance Sub-Committee	Senior Staff
NVHA's strategic risks	Annually	Quarterly	N/A
Strategy and Annual Review	Annually	Annually	N/A
Operational risks where the risk score is high (score 15 or greater)	Each meeting	Each meeting	Senior Staff Team Meetings Monthly
Operational risks where the risk score is significant (score 8 to 12)	N/A	6 Months	Department Team Meetings every 6 months
Operational risks where the risk score is moderate (score 4 to 6)	N/A	Annually	Annually

## APPENDIX E: Glossary of Terms

<b>Assurance</b>	An opinion based on evidence gained from the review of NVHA's governance, risk management and control framework that risk assessments and control responses are appropriate, adequate and achieving the effects for which it has been designed.
<b>Cause</b>	The reason for the risk exposure – why would a risk occur
<b>Control Owner</b>	The person responsible for ensuring the risk control activities are effective and provide an appropriate level of assurance
<b>Effect</b>	The impact for the risk exposure – what would be the impact if the risk materialised
<b>Exposure</b>	The consequences that arise from the realisation of a risk.
<b>Inherent risk priority / Score</b>	The classification NVHA gives to a risk, based on its likelihood and potential impact and BEFORE the application of a risk response and controls.
<b>Impact</b>	The effect that a risk would have on us if it occurred.
<b>Likelihood</b>	The probability of a risk occurring.
<b>Risk Owner</b>	The person responsible for ensuring the risk is properly managed and monitored
<b>Current risk priority/score</b>	The classification given to a risk AFTER considering the quality of risk responses and controls.
<b>Risk</b>	The threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives.
<b>Risk appetite</b>	The level of risk NVHA is prepared to accept or tolerate before considering action necessary.
<b>Risk assessment</b>	The process by which NVHA identifies and assesses the risks associated with its activities within each level of NVHA.
<b>Risk management</b>	"Risk Management is the process which aims to help NVHA understand, evaluate and take action on all our risks with a view to increasing the probability of our success and reducing the likelihood of failure".
<b>Risk register</b>	A document for capturing valuable information about each risk NVHA identifies.
<b>Risk response</b>	An action or process that NVHA currently has in place to either reduce a risk to an acceptable level or increase the probability of a desirable outcome

### **reviews and amendments:**

11/12/24	-	Strategy reviewed. References to Audit & Risk Sub-Committee changed to Audit, Risk and Compliance Sub-Committee to reflect new governance arrangements from January 2025.
28/01/26	-	Strategy reviewed