



## Risk Management Policy

<b>Policy Implementation Checklist:</b>	
Policy Guardian:	Chief Executive Officer
Policy Author:	Chief Executive Officer
Date Approved Policy Working Group:	05 March 2024
Date of Final Approval by LHA Management Committee:	26 March 2024
Date effective from:	27 March 2024
Due for review:	March 2027
Policy linkages:	Treasury Management Financial Regulations Disaster Recovery Plan

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## 1. Overview

LHA promote the integration of risk management in the governance and management of its business. Risk Management flows through the business at both strategic and operational levels.

Risk is defined as a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities and that may be avoided through preemptive action.

Risk Management is defined as the identification, analysis, assessment, control and avoidance, minimisation or elimination of unacceptable risks. LHA may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy (or combination of strategies) in proper management of future events.

## 2. Scope

The purpose of this risk management policy is to ensure LHA achieves its strategic aims and key business objectives whilst reviewing the challenges and risks which may be encountered and identifying ways to mitigate against these.

## 3. Objectives & Implementation

### 3.1 Objectives of Risk Management

- 3.1.1 This policy aims to provide a clear and systematic overview of LHA's approach to risk management. This includes how LHA identify risks, assess their likelihood of occurring, their impact on the organisation and how they can be managed effectively.
- 3.1.2 Risk Management is an integral part of the strategic planning and decision-making processes. For new initiatives and projects, risk assessment and management will be used to inform decision-making and to ensure that approved projects are delivered successfully.
- 3.1.3 Risks that could affect the Association's medium to long-term goals are considered strategic risks. Risks that will be encountered in the day-to-day delivery of services are considered operational risks.
- 3.1.4 LHA considers the materiality of risk in developing responses through the statement of appetite or threshold for risk.

## 3.2 Implementing the Policy

### 3.2.1 Types of Risk

Risk permeates all aspects of life; private and public. For the purposes of this policy, LHA are addressing strategic and operational risks. This does not include health and safety type risks which are addressed through various other organisational policies and procedures.

The bulk of LHA's risk management activity focuses on strategic risks; those that would prevent achievement of the strategic goals in whole or in part. Operational risks that would impact upon operations and service delivery mechanisms (for example, buildings, staff, and infrastructure) are also considered.

### 3.2.2 Identification of Risks

A process of identifying risks based on LHA's strategic goals and strategic areas of operation is carried out. Risks are identified and reviewed by the Management Committee and leadership team on an annual basis, including any other pertinent annual risks (e.g., ensuring proper insurances are in place) and placed on either the strategic risk map (SRM) or operational risk map (ORM). A detailed review of the risk map is presented quarterly to the Audit and Assurance Sub-committee (AASC) with additions and changes being made throughout the year as required.

### 3.2.3 Risk Assessment

When risks have been identified they are then assessed. This involves examining the detail behind each risk, identifying the mechanisms to limit or remove the risk and then allocating each risk a score based on likelihood of occurrence and its likely impact on the organisation. Appendix 1 sets out the considerations in allocating a score.

Exploring the details behind each of the identified risks involves looking at the causes and consequences of the risks. This helps the Association to build a better picture of the risk landscape, identifying commonality in terms of risk factors as well as the possible consequences of these.

### 3.2.4 Risk Controls

The next step is to consider each risk and look at the control measures which are, or can be, put in place to limit, mitigate, or remove the risk. Behind these risk mitigations are a list of actions that will need to be taken to make the control fully effective.

Each risk can then be given a score which is based on likelihood multiplied by impact. Risks are scored between 1 and 5 resulting in a risk score between 1 and 25, with 25 being the highest risk. Three other areas are then considered:

1. Pre control measures – this takes the identified risk and allocates a score and risk level based on an assessment of the risk with no controls in place, this is the worst-case scenario.
2. Post control measure – this takes the risk and revises the score and risk level after applying controls.
3. Current status – the updated risk in the current position to reflect status, planned activity, any changes in the risk with the passage of time.

## 4. Monitoring & Reporting

### 4.1 Management of Risk

Ongoing management of the risk register takes place through quarterly reporting to the Audit and Assurance Sub Committee (AASC) and annual review by the Management Committee. Members of the AASC will scrutinise the risk management processes as well as the risk register itself.

All of the controls and actions are detailed within the system and are allocated to members of the Executive Team or Senior Leadership Team (SLT) responsible for them. This allows LHA to work towards the completion of all actions which, in turn, ensures that controls are active.

### 4.2 Responsibilities

#### 4.2.1 Management Committee

The Committee as governing body are responsible for risk overall. The Committee delegates management of risk to the SLT and AASC. The Committee also plays an important role in identification of, and appetite for risk, through its annual Business Plan process and annual review of the Strategic Risk Register.

#### 4.2.2 Audit & Assurance Sub Committee (AASC)

The AASC plays an important role in terms of risk assurance. Its remit includes the examination and scrutiny of the processes that have been put in place to identify, assess, and manage risk within LHA and regular review of the Risk Register.

#### 4.2.3 Leadership Teams

The Executive Team and SLT of LHA are responsible for ongoing risk identification and management. This takes place within annual strategic planning processes, as well as operationally on a quarterly basis. A risk lead officer will ensure risks in their work portfolio area are identified and remain relevant for inclusion on the risk maps or recommend the removal of any to the AASC. The lead officer for each risk on the risk register will assess movement in the risk ratings and ensure the risks are managed and risk mitigations are delivered by staff appropriately.

### 5. Policy Review

This policy will be reviewed on a three-yearly basis unless any changes are required before this.

## Appendix 1: LHA RISK ASSESSMENT & SCORING

Impact (on the business)						
5	Extreme	Reputation - Sustained widespread media critical coverage. SHR statutory intervention & potential transfer of assets.				
		Financial Loss more than £1m				
		Service Delivery - Significant disruption of the whole organisation				
		Legislative - legislation has significant impact on the whole operation				
4	Major	Reputation - Prolonged National Media Exposure. SHR statutory intervention.				
		Financial Loss between £250k and £1m				
		Service Delivery - Significant disruption of large parts of the organisation				
		Legislative - legislation has significant impact on a key area				
3	Moderate	Reputation - One-off National Media Exposure. SHR engagement - Regulation Plan				
		Financial Loss between £50k and £250k				
		Service Delivery - Significant disruption of one part of the organisation				
		Legislative - legislation has moderate impact on a number of functions.				
2	Minor	Reputation -Prolonged Local Media Exposure. SHR engagement				
		Financial Loss less than £50k				
		Service Delivery - Minimal disruption of the whole organisation				
		Legislative - legislative impact affects small number of procedures.				
1	Insignificant	Reputation - One-off Local Media Exposure.				
		Financial Loss - Negligible financial impact				
		Service Delivery - Minimal disruption of one part of the organisation				
		Legislative - minimal Legislative Implications				
Likelihood (of risk manifesting)						
5	Almost Certain	The risk is almost certain to occur (greater than 80% chance)				
4	Likely	The risk is more likely to occur than not (between 51% and 80% chance)				
3	Possible	The risk is fairly likely to occur (between 21% and 50% chance)				
2	Unlikely	The risk is unlikely but not impossible to occur (between 6% and 20% chance)				
1	Rare	The risk is unlikely to occur (<5% chance)				
Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	0	1	2	3	4	5

### Likelihood

Risk Score = Business Impact x Likelihood	
15 or more	Risk Score is High
8-12	Risk Score is Significant
4-6	Score is Moderate
3 or less	Risk Score is Low

## 6. Equalities Impact Assessment

<b>Title Of Policy</b>	<b>Risk Management Policy</b>
What is the purpose of this policy?	To identify and mitigate against any risk or challenges that will impact adversely on the Association
Protected characteristic groups affected by this policy:	None
Who is the target audience of this policy?	Staff, Committee and Finance Agent
List any existing documentation used to complete this assessment:	N/A
Has any consultation taken place with protected characteristics groups identified?	N/A
What is the likely impact?	N/A
Have you, or will you, put the policy into practice? Who is responsible for delivery of the policy?	Yes, CEO/ET/SLT, Finance Agent, Management Committee
How does this policy fit into our wider or related policy initiatives?	It will consider areas that could affect the Association achieving its purpose across different areas
Do you have a set budget for this work?	TBC

## 7. Version Control

Version Number	Name	Author	Notes
2.0	GC13	IM	