RISK MANAGEMENT STRATEGY

APPROVED BY HHP BOARD:
2 SEPT 2025
EFFECTIVE DATE:
2 SEPT 2025

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INTRODUCTION

1.1 This strategy outlines our approach to identifying, assessing, managing and monitoring risks that would impact the achievement of our goals, the safety of our tenants and the long term financial sustainability of our organisation. It is our game plan for how we want to handle risk, the "why" and the "what" of risk management.

1.2 We will endeavour to ensure that all employees understand the nature of the risks and accept responsibility for risks associated with their area of control and authority. The necessary support, assistance and commitment of the Board will be provided.

AIMS

2.1 The aims of this Strategy are to:

- Protect customers, staff, assets and our reputation
- Provide a continuous high-quality service to our customers
- Identify and manage risks in the long and short term
- Define the level of risk capacity and risk appetite ensuring there is a balance between risk and innovation
- Ensure compliance with legal and regulatory requirements
- Promote a culture of proactive risk awareness and management

ESSENTIAL ELEMENTS

3.1 The effectiveness of our Risk Management Framework which supports our Strategy will be reviewed annually by the Audit & Risk Committee in depth with any recommendations for changes being made to the Board.

3.2 Risks can be identified at any time by anyone and we will ensure the approach in place allows for those risks to be captured and assessed within our Risk Register. The Risk Register will log all identified risks, assess the likelihood and impact along with the proposed action that needs to be put in place to minimise the impact.

3.3 Risks that are deemed appropriate will be insured in proportion to the level of risk. This will be done in accordance with our policy on insurance.

3.4 Our Risk Management Strategy recognises risks can also present opportunities to develop and innovate in order to achieve strategic aims and objectives. We will seek to identify the positive side of risk and potential benefits of managing each risk effectively.

KEY ASPECTS

4.1 The key aspects of risk management can be identified as follows:

- Identification of risk
- Assessment of risks;
- Agreeing level of risk capacity;
- Decision on level of risk appetite;
- Allocation of ownership of risk;
- Development of action plan;
- Clear monitoring and review arrangements; and
- A system that gives early notification of late actions which could increase risk

4.2 Risk management is established and integrated within existing management processes, through the Risk Management Framework and includes planning, performance management and project management.

4.3 The purpose of managing risks is to manage uncertainty and reduce the impact of failures or problems on the business. The five approaches to managing risk are detailed below.

4.4 Risks associated with key projects which may have an individual risk map will be captured in the Risk Register.

4.5 Risk management is used as a tool to ensure that we can respond to changing demands, improve performance and make the most effective use of resources.

PLANNING

5.1 Risk management is an integral part of our planning and decision-making process. Strategic and operational risks are identified as a key part of business planning. As an integral part of the Business Planning process the Board will agree the risk capacity and appetite for the year ahead.

5.2 The identification of risks will be considered at the planning stage so that decisions on future priorities and projects are made with knowledge of potential risk and we will incorporate regular horizon scanning conversations within the governance process.

5.3 We will look at how today's risks might change in the future e.g. changing risk with our increased movement into a digital world.

5.4 Approved projects include risk management in the implementation plan and post implementation evaluation.

RISK CATEGORIES

6.1 The Risk Categories we will use are in the table below:

CATEGORY	DESCRIPTION
Strategic	Risks which affect the planning by the organisation, partnership arrangements and those created by the establishment of the organisation
Operational	Risks which relate to the delivery of investment on the ground. Risks in this area could include issues such as tenant health and safety, site contamination, procurement matters, staffing, pandemic and compliance
Financial	Risks which include the potential impacts and requirements of obtaining private sector funding, loss of income or increase in expenditure
Technology	Risks around the use and development of technology to deliver our service
Project	Risks relating to specific projects which could be one-offs or recurring such as new build

PRIORITISING RISK

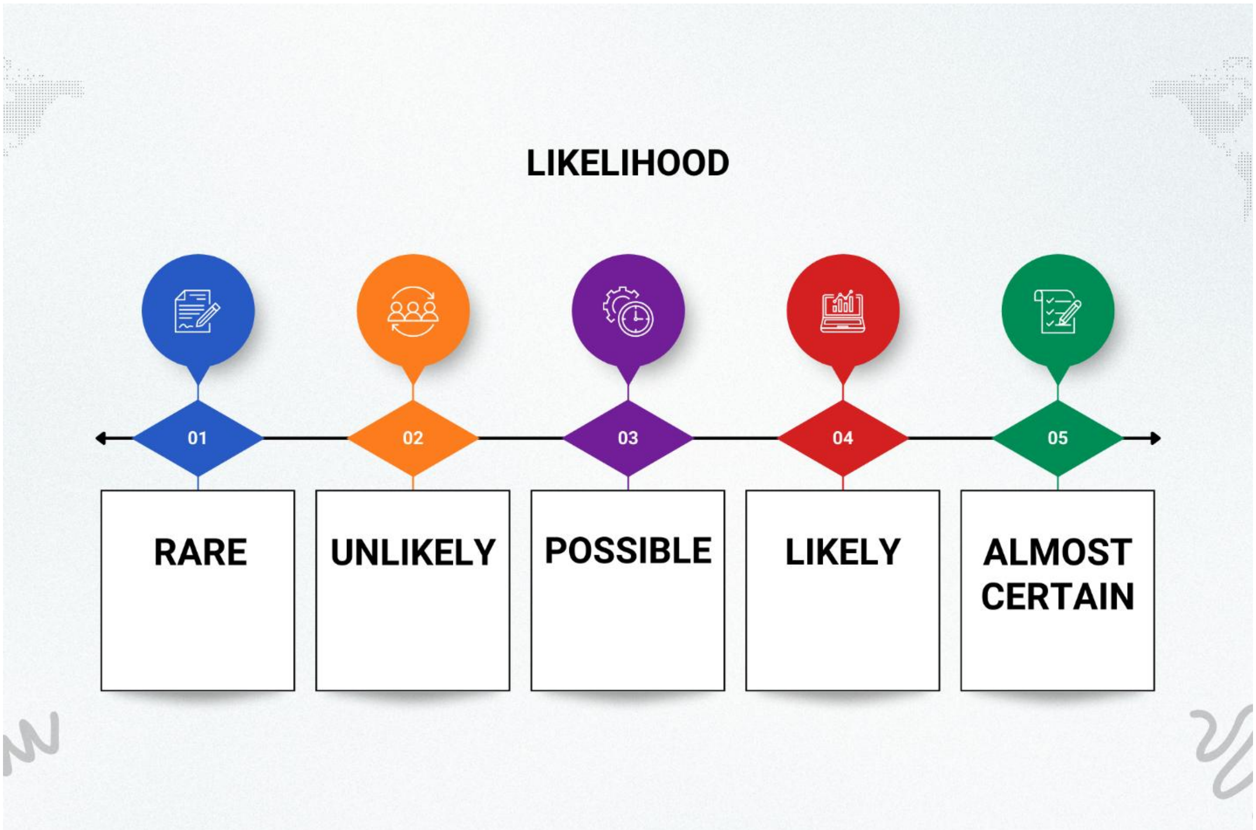
7.1 Generally, the identification of risks will result in a long list of potential events. These risks are not equally likely to occur and the impact of each risk will not be the same. Some risks will have a major affect on our financial stability or our service provision while others will not. Some risks could be imminent and others may arise in the longer term.

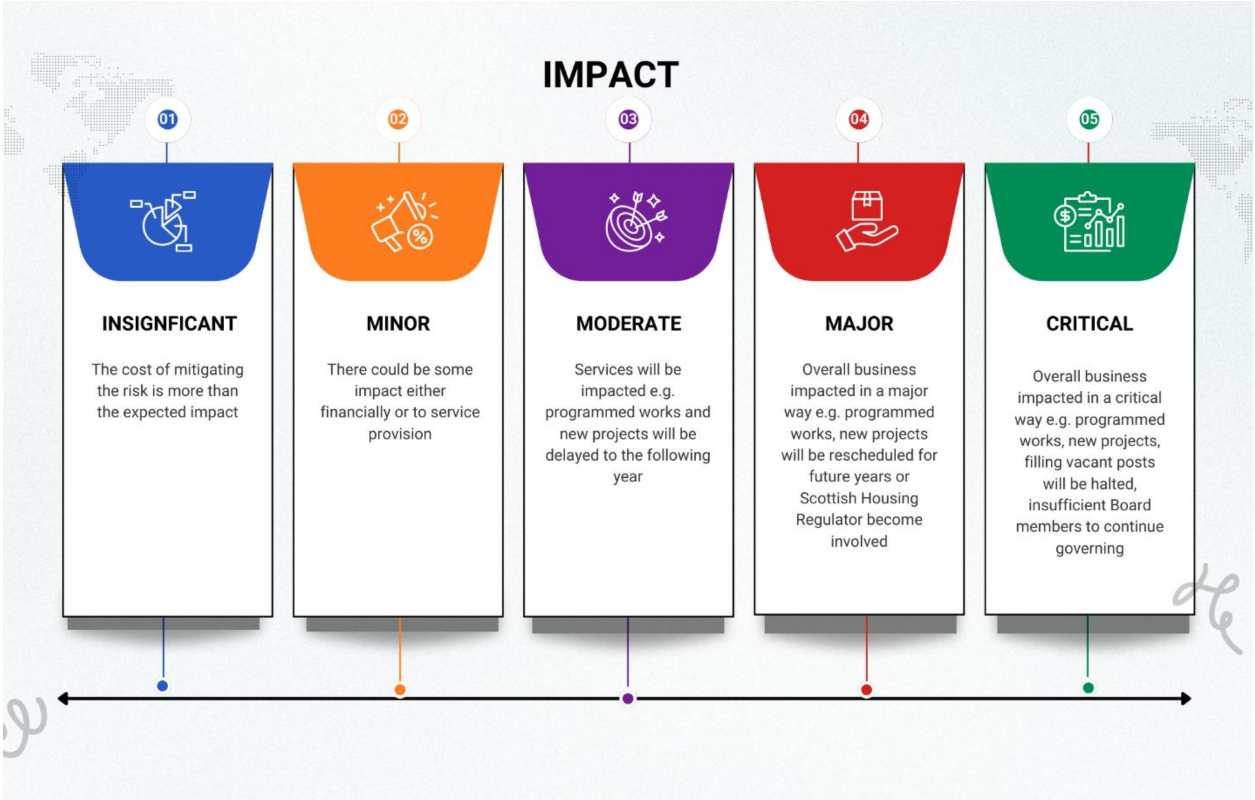
7.2 We will analyse and prioritise our risks by assessing a combination of the likelihood of the event happening and the level of impact which the event could have. Risks which are in the high impact and high likelihood category will be given the higher priority.

7.3 The Risk Register reflects the level of priority.

7.4 Controls which reduce the risk will be documented giving our residual risk. Our Risk Appetite will inform the level our target risk should be set at and then actions will be agreed to bring us to our target risk.

7.5 We will use the scoring mechanism in the following tables:





	LIKELIHOOD						
IMPACT			Rare	Unlikely	Possible	Likely	Almost Certain
			1	**2**	**3**	**4**	**5**
	Insignificant	**1**	1	2	3	4	5
	Minor	**2**	2	4	6	8	10
	Moderate	**3**	3	6	9	12	15
	Major	**4**	4	8	12	16	20
	Critical	**5**	5	10	15	20	25

OVERALL RATING
LOW
MEDIUM
HIGH

RISK CAPACITY

8.1 We will determine Risk Capacity at our annual Board Business Planning Day taking account of:

- An annual level of financial loss that is acceptable on all identified and new potential risks
- An assessment level of the number of potential risks that may materialise at any one time
- The limit of free reserves that are available to absorb potential losses of any new projects

RISK APPETITE

9.1 The Risk Appetite will be agreed at our annual Board Business Planning Day. Risk Appetite has been defined as "*the amount and type of risk that an organisation is willing to accept, and must take, to achieve their strategic objectives and therefore create value for stakeholders*"

9.2 A Risk Appetite statement provides clear boundaries within which strategic goals and risk can be managed.

9.3 The agreed definitions for assessing risk appetite are:

Risk Level		**Definition**
1	No Appetite	Avoid all risk in this area
2	Low	Activities will only be taken where they have a low degree of inherent risk
3	Cautious	Willing to accept/tolerate where we have identified scope to achieve reward
4	Open	Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable degree of reward and value for money
5	Hungry	Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a greater inherent risk

9.4 The Appetite will be determined for each Strategic Goal and a summary Appetite statement prepared for distribution.

MONITORING AND REVIEW OF STRATEGY

10.1 Responsibility for monitoring the application of this Strategy will rest with the Chief Executive.

10.2 The Policy will be reviewed every three years with amendments being made as appropriate and communicated to all staff and relevant stakeholders.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
Risk Co-ordinator	Officer who provides admin support to the Audit & Risk Committee
Executive Team	Chief Executive, Director of Operations and Director of Finance & Corporate Services
Risk Capacity	The ability of an organisation to bear risk, quantified against objectives
Risk Appetite	The amount and type of risk that is acceptable to be taken by an organisation over a defined period to achieve its goals
Risk	Uncertain future events or actions that might prevent an organisation from maintaining good performance, meeting targets, goals and plans which result in loss being incurred
Risk Management	Culture, process and structures that are implemented by an organisation to manage potential risks and their adverse effects
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	