



# Risk Management

<b>Policy Reference:</b>		G08	
<b>Effective date:</b>	January 2025	<b>Review date:</b>	January 2030
<b>Approved by P&amp;PRG:</b>	August 2024	<b>Approved by BoM:</b>	December 2024
<b>Owner:</b>	Bobby Duffy	<b>Job Title:</b>	CEO
<b>To be issued to: (check as needed)</b>			
<input checked="" type="checkbox"/> Board of Management <input type="checkbox"/> All Staff <input checked="" type="checkbox"/> ET/SLT <input type="checkbox"/> Head Office Managers <input type="checkbox"/> Head Office Staff <input type="checkbox"/> Finance <input type="checkbox"/> Housing <input type="checkbox"/> Asset <input type="checkbox"/> ICT		<input type="checkbox"/> OD <input type="checkbox"/> Compliance <input type="checkbox"/> All Care & Support <input checked="" type="checkbox"/> C&S Managers (RM,OM, CSM) <input checked="" type="checkbox"/> C&S Staff <input type="checkbox"/> Contractors <input type="checkbox"/> Agency Staff <input type="checkbox"/> Unite the Union <input type="checkbox"/> Employee Voices Group <input type="checkbox"/> Other: _____	
<b>Method of Delivery: (check as needed)</b>			
<input checked="" type="checkbox"/> Learn Pro <input checked="" type="checkbox"/> Board Portal <input type="checkbox"/> Line Manager to Share (e.g. Agencies)		<input type="checkbox"/> Policy Owner to Notify (e.g. Contractors) <input type="checkbox"/> Other: _____	
<b>Stakeholder Consultation Completed (check as needed)</b>			
<input checked="" type="checkbox"/> Board of Management <input type="checkbox"/> All Staff <input checked="" type="checkbox"/> ET/SLT <input type="checkbox"/> Head Office Managers <input type="checkbox"/> Head Office Staff <input type="checkbox"/> Finance <input type="checkbox"/> Housing <input type="checkbox"/> Asset <input type="checkbox"/> ICT		<input type="checkbox"/> OD <input type="checkbox"/> Compliance <input type="checkbox"/> All Care & Support <input type="checkbox"/> C&S Managers (RM,OM, CSM) <input type="checkbox"/> C&S Staff <input type="checkbox"/> Contractors <input type="checkbox"/> Agency Staff <input type="checkbox"/> Unite the Union <input type="checkbox"/> Employee Voices Group <input type="checkbox"/> Other: _____	

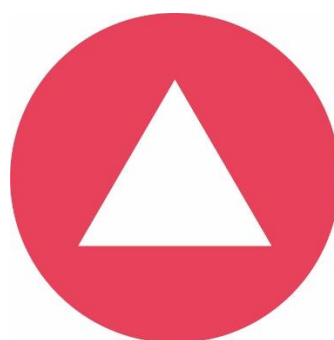
## Version Control

Date	Owner	Version	Reason for Change
Jun 2024	Victoria Knox	V5.0	Cyclical review Transfer to new template
Aug 2018	John Rankin	V4.1.1.	Cyclical review

## Summary of Changes

Section	Change
All	Job titles updated
All	Priory changed to Lochside
All	Policy & Procedure names and numbers updated
All	Procedural information removed to create G08a
1.0	Updated to reflect revised Ark Values
3.0	Added diagram of the 'Three lines of Defence' which is commonly used within risk management policy documents
4.0	Scope amended to diagram to reflect all risk registers in the group  Terminology amendment to reflect changes from Corporate Risk Register to Strategic Risk Register and Operational Risk Register
5.0	Added further detail relating to Care Inspectorate and OSCR
7.0	<p>Additions made to reflect the suggested changes following the TIAA Audit</p> <p>Information added of monitoring of all Ark Group risk registers</p> <p>Added reference to links between ORR and SRR where appropriate</p> <p>Added definitions on inherent and residuals risk</p> <p>Reference to Ark's Policy and Procedures framework, systems and processes, which should ensure controls are implemented that mitigate risks and highlight instances of non-compliance</p> <p>Added section on risk tolerance and risk escalation</p> <p>Added risk appetite description and defined what is an acceptable risk score, what is acceptable within a 12-month period and what is unacceptable</p>

	<b>Likelihood Scale table – updated definitions to make clearer</b>
	<b>Impact Scale table – additional definitions added to make broader</b>
<b>9.0</b>	<b>Added reference to G08a – Risk Management Procedure</b>
<b>12.0</b>	<b>Review timescale changed from 3 to 5 years</b>



**Ark**<sup>®</sup>  
People  
Housing  
Care

# Risk Management

## Contents

1.0 Arks Values.....	6
2.0 Purpose .....	6
3.0 Policy Statement .....	7
3.1 Sources of Risk .....	7
3.2 Risk Control .....	7
4.0 Scope.....	8
5.0 Legal/Regulatory Framework.....	9
6.0 Responsibilities .....	10
6.1 Board of Management .....	10
6.2 Executive Team .....	11
6.3 Leadership Team.....	11
6.4 Managers .....	12
6.5 All Staff.....	12
7.0 Risk Management .....	12
7.1 Strategic Risk Register - Ark Housing Association.....	12
7.2 Strategic Risk Register – Ark Commercial Investments Limited (ACIL).....	13
7.4 Strategic Risk Register – Ark Services Limited (ASL) .....	13
7.5 Operational Risk Register – Ark Housing Association .....	13
7.6 Assurance.....	13
7.7 Risk Appetite .....	14
7.8 Risk Scoring Methodology.....	15
8.0 Learning & Development Requirements .....	17
9.0 Related Policies & Procedures .....	17
10.0 Equality Impact Assessment (EIA).....	18

11.0 Data Protection Impact Assessment (DPIA).....	18
12.0 Monitoring and Review.....	18
12.1 Monitoring .....	18
12.2 Review.....	18

## 1.0 Arks Values

Arks values are true to the core purpose of the organisation and the services we deliver. They determine our behaviours towards one another and what we should expect in our relationships with one another. Working within the following values will guide and help us deliver our vision and mission of Ark being an organisation where everyone is equal:

### Trust

We have confidence in our people to deliver excellent services and trust in them to do so. We will develop trusting and honest relationships and our customers will feel assured that they can rely on us to deliver.

### Respect

We treat everyone fairly and we listen. We are respectful of each person with whom we come into contact and expect our people to respond professionally and treat others as they would wish to be treated.

### Understanding

We will operate with empathy and compassion and approach each situation with an open mind. We will question and challenge to ensure we achieve the right outcomes for customers and our people.

### Equality

We believe everyone is equal and expect our people to create positive experiences where everyone feels valued and included.

### Integrity

We will do the right thing and take responsibility for our actions. We will work together to uphold the highest standards of behaviour and practice.

## 2.0 Purpose

The purpose of this policy is to describe the arrangements and process Ark has in place for identifying, assessing, managing, and reducing risks to the achievements of Group objectives and overarching Corporate Strategy.

Ark's Risk Management Framework supports our Corporate Strategy & Business Plan, and supports us to identify and manage the threats that jeopardises the achievement of our goals, and will:

- Help to ensure the safety of support people, tenants, staff and stakeholders;
- Protect the services and finances of the Ark Group;
- Protect the reputation and public image of the Ark Group; and

- Improve ongoing delivery of services to our customers.

## 3.0 Policy Statement

Risk is defined as an event or circumstance occurring that may negatively impact the safety, well-being, or quality of life of customers or staff, disrupt service delivery, compromise compliance with regulatory standards, or cause financial and reputational harm to the organisation.

Ark's aim is to identify, manage and minimise, where we cannot eliminate, risks which may prevent the organisation achieving its aims and objectives. The identification and management of risk is on-going and occurs as changes are made to how the Ark Group operates and to the external environment in which it works.

Whilst this policy sets out defined processes for managing risk, Ark recognises that successful risk management can only be accomplished on a day-to-day basis by staff at all levels and by on-going review and improvement. By proactively managing risks, Ark can prevent adverse events, protect its reputation, and ensure that resources are effectively allocated to support sustainable, high-quality care & support and housing services.

### 3.1 Sources of Risk

Risks to the Ark Group can originate from various sources, including:

- Internal or external factors;
- Through activity or non-activity;
- Those created through change.

### 3.2 Risk Control

Ark will implement internal controls that will result in us responding to an identified risk in one or more of the following ways:

- Tolerate the risk;
- Treat the risk;
- Transfer the risk e.g. via insurers;
- Terminate the activity giving rise to the risk.

The Ark Groups' organisational structure, both at Board and senior management level, our decision-making processes, our range of policies and procedures and our comprehensive insurances together comprise the framework through which we will manage the risks we face.

We will operate risk management practices that are integrated into all existing and future strategic management, operational and continuous improvement processes, and that are an integral part of day-to-day activities. Through both the internal audit function and ongoing

Regulatory 'self-assessment' reviews we will regularly evaluate and review internal controls and the risk management process.

The diagram below is a commonly used approach to risk management and demonstrates the three lines of defence that Ark applies in practice:



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

## 4.0 Scope

The responsibility for managing risk belongs to everyone and there needs to be an appropriate level of understanding of the nature of risk by all stakeholders. Ark is obligated to protect its assets and to minimise its losses and liabilities. It recognises the need to equip its employees with the skills and expertise to manage risk on its behalf and provide the necessary resources to ensure this can be delivered.

The Ark Group Board has set the following risk management scope and framework:





## 5.0 Legal/Regulatory Framework

### 5.1 Scottish Housing Regulator

This policy and the supporting procedures comply with the Scottish Housing Regulator Regulatory Standards, in particular Regulatory Standard 4, which states:

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

And more specifically in Guidance Standard 4.4:

*“The governing body identifies risks that might prevent it from achieving the RSL’s purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.”*

Additionally, for RSL’s operating a group structure in guidance Standard 4.5

*“Where the RSL is the parent within a group structure it fulfils its responsibilities as required in our group structures guidance to:*

- *control the activities of and manage risks arising from its subsidiaries.*
- *manage and mitigate risk to the core business.”*

## 5.2 Office of the Scottish Charities Regulator (OSCR)

This policy and the supporting procedures comply with the Scottish Governance Code for the Third Sector, which states:

*“A well-run board will manage risk, maintain control and make effective decisions to direct and oversee the progress and performance of the organisation.”*

*“As the board, we should put in place appropriate structures, financial controls, policies and procedures. These will help our organisation to identify and manage risks and opportunities in line with its purposes and values, our governing document, and relevant legal and regulatory requirements.”*

*“Understanding and analysing the internal and external operating environment, to regularly identify and review the risks and opportunities our organisation is exposed to. Making plans to reduce and manage risks appropriately, to better achieve the purpose of our organisation. Monitoring and reviewing the sustainability of our organisation.”*

## 5.3 Care Inspectorate

This policy and the supporting procedures comply with Care Inspectorate requirements in that Ark have implemented a comprehensive risk management framework that identifies, assesses, and mitigates risks that could impact supported people, staff, and the organization. This framework should cover all aspects of care delivery and operations.

In all our activities, we will aim to comply with current legislation, statutory requirements, codes of practice, our Rules, the requirements of the Care Inspectorate, Scottish Housing Regulator, Office of the Scottish Charities Regulator and any other agency that impacts on our work, and with all other relevant guidance or ‘best practice’.

Each member of Executive Team and Leadership Team is responsible for monitoring legislation and/or guidance, and for identifying when we need to assess risk and/or take action and we have systems and processes in place to ensure risks are regularly reviewed.

## 6.0 Responsibilities

### 6.1 Board of Management

Ark’s Board of Management is responsible for consideration and approval of this policy, and for ensuring that any risks that might prevent it from achieving its objectives are identified and that effective strategies and systems are in place for risk management and mitigation, internal control and audit.

As part of the Governance and Management of Ark, the Board will also:

- Review and agree strategic and business critical risks;
- Set our strategic risk appetite and targets;
- Ensure the Executive Team implements the agreed control measures for managing risk.

As set out in the Standing Orders, Ark's Audit Sub-Committee will also advise the Board on issues of risk, control and governance, including:

- Monitoring and reporting to the Board on financial and other control systems and satisfy the Board that the system of internal controls is sufficient to manage the risk of failure to achieve the policies, aims and objectives of the Group; and
- Reviewing the satisfactory operation of the Group risk management processes.

## 6.2 Executive Team

Ark's Executive Team is responsible for ensuring that this policy is reviewed in accordance with Ark's schedule for review of policies, or sooner if required. The Executive Team is responsible for ensuring that its decisions, and that the decision of officers, are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

As set out in the Standing Orders, Ark's Executive Team will:

- Approve the Operational Risk Management plan;
- Review the Group Strategic Risk Register for consideration by the Board of Management.

Additionally, the Executive Team will ensure that the Board reporting template includes a 'risk' section within the Governance Considerations that will be linked to the Strategic or Operational Risk Register.

## 6.3 Leadership Team

Ark's Senior Leadership Team is responsible for development, monitoring and review of the Operational Risk Register, and for ensuring that its decisions, and that the decision of officers, are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

As set out in the Standing Orders, Ark's Leadership Team will:

- Review and update the Operational Risk Management Map.

## 6.4 Managers

Ark's Managers will be responsible for the effective implementation of this policy within their area of responsibility, as required. They must also ensure that members of their staff, through induction and team meetings, familiarise themselves with this policy and comply with its provisions as well as undertake any training implemented as part of the rollout of this policy.

## 6.5 All Staff

Whilst this policy sets out defined processes for managing risk, successful risk management can only be accomplished on a day-to-day basis by staff at all levels through their working practices. Risk management is part of every member of staff's responsibilities, and everyone has a role in carrying out appropriate risk management by supporting risk identification and assessment, and designing and implementing risk responses. This will be achieved through induction and team meetings, and the undertaking of any training implemented as part of the rollout of this policy.

## 7.0 Risk Management

Ark is committed to adopting best practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of aims and objectives.

Ark is committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that exposure to significant risk is properly managed.

### 7.1 Strategic Risk Register - Ark Housing Association

Ark's Strategic Risk Register contains the risks that have been identified as needing to be managed in relation to the strategic objectives that support the delivery of the Business Plan and Corporate Strategy. Separate Strategic Risk Registers are also maintained for each of Ark's subsidiary companies, see section 7.2 and 7.3.

The Strategic Risk Register is reviewed by the Executive Team on a regular basis and reported to the Audit Sub-Committee and Board of Management at least every six months.

## 7.2 Strategic Risk Register – Ark Commercial Investments Limited (ACIL)

ACIL's Strategic Risk Register contains the risks that have been identified as needing to be managed in relation to effectively managing business operations.

The Strategic Risk Register is reviewed by the Executive Team on a regular basis and will be reported to the ACIL Board at least every six months. The Strategic Risk Register will also be reported to the Audit-sub Committee on a six monthly basis.

## 7.3 Strategic Risk Register – Ark Services Limited (ASL)

ASL's Strategic Risk Register contains the risks that have been identified as needing to be managed in relation to effectively managing business operations.

The Strategic Risk Register is reviewed by the Executive Team on a regular basis and will be reported to the ASL Board at least every six months.

## 7.4 Operational Risk Register – Ark Housing Association

Ark's Operational Risk Register is used to identify and manage risks to the delivery of our key corporate and operational objectives. Where relevant the risks identified within the Operational Risk Register, will be shown as subordinate to a strategic risk in the Strategic Risk Register.

The Operational Risk Register is reviewed by the Leadership Team on a quarterly basis and reported to the Audit Sub-Committee at least every six months. Should Audit Sub-Committee require to escalate any issues from the Operational Risk Register, this will be acted upon at the next possible Board of Management meeting.

## 7.5 Assurance

Providing assurance that the measures put in place to mitigate and manage identified risks are effective is a key element of any risk management framework. All three strategic risk registers set out how Ark provide assurance that risks are being well managed under the heading of 'Assurance'.

Ark recognise that there are two main types of risks:

- Inherent Risk - exposure arising from a specific risk before any action is taken to manage it and there are no controls in place; and

- Residual Risk - exposure arising from a specific risk after action has been taken to manage it and assuming that action is effective, i.e. controls in place and operating as intended.

Assurance can come from both internal and external sources. Robust budget monitoring processes and key performance indicators can provide internal assurance; whilst external audit reports or positive feedback from regulators or customers are examples of external assurance.

Ark's Policy and Procedure framework, systems and processes ensure that controls are implemented that mitigate risks and highlight instances of non-compliance. Each policy and procedure has a clear section that describes how application of the policy or procedure is monitored.

Ark also maintains an 'Evidence Bank' that is used annually to demonstrate compliance with the Scottish Housing Regulator's Regulatory Framework and we also make use of this evidence bank to provide assurance that risks are being well managed.

## 7.6 Risk Appetite and Tolerance

Risk appetite is the level of risk Ark is willing to accept in each risk area in order to achieve strategic objectives. Ark Board sets the Group risk appetite and Subsidiary Boards set the Subsidiary risk appetites annually. Where any risk score is out with appetite, Management will identify further actions to reduce the likelihood or impact of the risk to within the approved Board appetite level. Any strategic risks not managed within risk appetite will be reported to Audit Sub-Committee by the CEO or relevant Director, with progress updates.

Risk tolerance is defined as the level of risk Ark is willing to accept in order to achieve its objectives. It establishes the parameters within which Ark can operate, balancing the potential benefits of risk-taking with the need to safeguard against adverse outcomes. Risk tolerance reflects Arks strategic priorities, capacity to manage risk, and the potential impact on stakeholders, including employees, supported people, tenants, and regulatory bodies.

Risk escalation is the formal process of raising awareness of a risk that exceeds the predefined risk tolerance levels or cannot be managed at the current level of authority. When a risk is identified as potentially impacting Ark's objectives beyond acceptable limits, it must be escalated Audit-Sub Committee and Board. This process ensures that significant risks are addressed promptly and effectively, with appropriate resources and expertise. Risk escalation involves clearly documenting the nature of the risk, the reasons for escalation, and any immediate actions taken, allowing for informed decision-making and the timely implementation of mitigation strategies.

Ark's assessment of risk appetite is based on the scoring system:

Risk Score	Acceptable Risk Score		Acceptable Risk Score		Unacceptable Risk Score	
	1-3	4-5	6-9	10-14	15-18	20-25
Level of risk willing to accept	1	2	3	4	5	6
	Low		Medium		High	

Acceptable risks are scored 1 – 14 (green and amber).

Risks scored from 15 – 18 are acceptable for a period of 12 months and should have clear actions to reduce to an acceptable level.

Risks scored from 20 - 25, should be noted as not acceptable and highlighted to Audit-Sub Committee and Board to agree immediate plans to reduce.

## 7.7 Risk Scoring Methodology

Whilst there are three separate strategic risk registers, they all share a common approach to identifying and scoring risks, establishing any mitigating controls that are in place and evidencing that those controls are working effectively. Ark's approach to scoring risks, based on the Likelihood and Impact of the risk occurring once they have been identified, as set out below:

Risk Register Scoring Mechanism			Risk Score				
LIKELIHOOD	5	Almost certain	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Rare	1	2	3	4	5
IMPACT			1	2	3	4	5
			Incidental	Minor	Moderate	Major	Extreme

### 7.7.1 Likelihood

The likelihood refers to the probability or frequency with which a potential risk event is expected to occur. It is a measure of how likely it is that a particular risk will materialise. Assessing likelihood helps in prioritising risks and determining the appropriate level of response and resources to allocate for mitigation.

Ark's assessment of likelihood is based on the following definitions:

#### LIKELIHOOD SCALE

Rating	Description	Definition
5	Almost certain	This is expected to occur frequently/in most circumstances – more likely to occur than not
4	Likely	Strong possibility that this could occur – likely to occur
3	Possible	May occur occasionally, has happened before on occasion – reasonable chance of occurring
2	Unlikely	Not expected to happen, but definite potential exists – unlikely to occur
1	Rare	Can't believe this event would happen – will only happen in exceptional circumstances

#### 7.7.2 Impact

The impact refers to the extent of the consequences or effects that a potential risk event would have on the organisation if it were to occur. This measure considers the severity of outcomes across various dimensions, such as financial loss, operational disruption, reputational damage, legal or regulatory implications, and effects on stakeholders. Assessing impact helps in understanding the potential magnitude of risks and prioritising them based on their potential to affect the organization's objectives and overall well-being.

Ark's assessment of impact is based on the following definitions:

Rating	Description	Definition
5	Extreme	<ul style="list-style-type: none"> <li>Financial loss &gt;50% of turnover</li> <li>National long term negative media coverage</li> <li>Inability to meet majority of strategic objectives</li> <li>Issue resulting is serious reputational damage</li> <li>Prosecution fines imprisonment</li> <li>Death or serious injury</li> <li>Majority of senior staff and BoM resignation</li> <li>Critical error due to ineffective training / implementation of training</li> <li>Care Inspection resulting in assessment of 1 or 2</li> <li>Major damage to Ark property resulting in decant for significant period of time</li> </ul>
4	Major	<ul style="list-style-type: none"> <li>Financial loss 26-50% t/o</li> <li>National short term media coverage</li> <li>Report to regulator special measure third party investigation major corrective action</li> <li>Hospitalisation</li> <li>50% Board and senior people leave</li> <li>Significant over-run of project or timescales on strategic objectives</li> <li>Major injury/long term incapacity or disability</li> <li>Care Inspection resulting in assessment of 3</li> </ul>



		<ul style="list-style-type: none"> <li>• High staff turnover and high dependency on agency staff</li> <li>• Damage to Ark property resulting in decant for short period of time</li> </ul>
<b>3</b>	Moderate	<ul style="list-style-type: none"> <li>• Financial loss 11-25% t/o</li> <li>• Local long term negative media coverage</li> <li>• Reportable breaches requiring corrective action or service plan in less than 10% of services</li> <li>• Outpatient medical treatment required</li> <li>• Increasing turnover low morale</li> <li>• Disruption in service resulting in non-delivery</li> <li>• Damage to Ark property resulting in tenant issues</li> </ul>
<b>2</b>	Minor	<ul style="list-style-type: none"> <li>• Financial loss 6-10% t/o</li> <li>• Local media coverage</li> <li>• Short term local reputational damage</li> <li>• Report to regulator no follow up required</li> <li>• No or minor injuries</li> <li>• General staff morale issues increasing turnover</li> <li>• Justified complaint relating to Care &amp; Support service</li> <li>• Justified complaint relating to tenancy</li> </ul>
<b>1</b>	Incidental	<ul style="list-style-type: none"> <li>• Financial loss 5% t/o</li> <li>• Little media attention quickly remedied</li> <li>• Not reportable to the regulator</li> <li>• No injuries</li> <li>• Isolated staff issues with morale</li> <li>• Locally resolved complaint</li> <li>• Minor Care &amp; Support service delivery issues</li> <li>• Minor issues relating to a tenancy</li> </ul>

## 8.0 Learning & Development Requirements

All Board Members, Executive Team and Leadership Team will be required to sign off this Policy to ensure that the contents have been read and understood.

## 9.0 Related Policies & Procedures

This policy should be read in conjunction with the following policies and procedures:

[F01]	Financial Regulations
[G06]	Standing Orders
[G09]	Business Continuity Policy
[G44]	Business Continuity Procedure
[G50]	Notifiable Events Policy
[G08a]	Risk Management Procedure
[CS02]	Care Planning

## 10.0 Equality Impact Assessment (EIA)

No potential equalities issues have been identified in relation to the development of this policy, and consequently an EIA has not been completed.

## 11.0 Data Protection Impact Assessment (DPIA)

No potential high risk data protection implications have been identified in relation to the development of this policy, and consequently a DPIA has not been completed.

## 12.0 Monitoring and Review

### 12.1 Monitoring

Ark's Board, Executive and Leadership Teams will monitor implementation of this policy and its supporting procedures on an on-going basis through agreed reporting to the Audit Subcommittee, Ark Board and Subsidiary Boards as set out within this policy document.

The Leadership Team and the Executive Team will review the Risk Registers as set out above, and will determine whether the risk environment has changed and any mitigating actions need to be altered to address this.

### 12.2 Review

This policy will be reviewed within 5 years from the date of approval by the Board of Management, in accordance with Ark's policy review framework and approval process, or more frequently if required to meet changes in legislation, address any weaknesses identified and/or to implement new/good practices or lessons learned.