

Appendix 4 | Risk Register



Cassiltoun Housing Association's Risk Management Policy forms part of the Association's internal control and corporate governance arrangements.

The policy explains the Association's underlying approach to risk management.

Included within this IMP/BP is the risk register which identifies the:

- Key risks faced by the Association.
- The roles and responsibilities of the Board and the Senior Management Team.
- The controls in place to deal with risk.
- The review timetable.
- Throughout the 3 year period of the IMP new risks will be added and inherent risks included.
- Risks that have been well managed will be removed when the risk is no longer a threat to the Association.

The Association has prioritised business planning in recent years with the objective of minimising risk to the Association.

We are not an organisation who will take unnecessary risks.

We have demonstrated a high level of self awareness in recent years and we believe we have prepared as best as we can to spot emerging risks and to set about dealing with them through our planning framework, prudence and governance controls.

The Association has a successful 30 year track record and each year we build on previous performance led by an experienced SMT and Board.



Risk Management Policy

Date Approved	October 2017
Proposed Review Date	October 2019
Risk Register Review	October 2017

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1. Purpose of this Document

This Risk Management Policy (the Policy) forms part of the Association's internal control and corporate governance arrangements.

The Policy explains the Association's underlying approach to Risk Management, documents, the roles and responsibilities of the Board of Management, the Senior Management Team and other key parties. It also outlines key aspects of the Risk Management Process including the risk assessment scoring methodology, and identifies the main reporting procedures.

The document also describes the process by which the Board of Management will evaluate the effectiveness of the Association's internal control procedures.

The Association is required to comply with the Regulatory Standards of Governance and Financial Management set out by the Scottish Housing Regulator.

2. Underlying Approach to Risk Management

The following key principles outline the Association's approach to Risk Management and internal control:

Board of Management

The Board of Management is responsible for overseeing risk management in the Association as a whole, specifically:

- Agreeing the risk management framework within the Association;
- Setting the risk appetite for the Association;
- Directing the risk strategy;
- Receiving reports and requesting action where appropriate;
- Reviewing assurance providing mechanisms to ensure that actions to mitigate risks are operating effectively;
- Annual review of the Association's approach to Risk Management, approving any proposed changes to the core aspects of the strategy and associated procedures.

Senior Management Team

The Senior Management team is led by the Chief Executive Officer and has responsibility for:

- Implementing policies on Risk Management and internal control;
- Identifying and evaluating the key inherent risks faced by the Association. These risks will be set out in a "Risk Register" (Appendix B). Those risks appearing at the top end of the Risk Register (the "top ten") shall be presented to the Board of Management for consideration;
- Providing adequate, timely information to Board of Management and its sub committees on the status of risk and controls and providing assurance that risks are being effectively mitigated;
- Undertaking an annual review of the effectiveness of the system of internal control and providing a report to Board of Management.

The Senior Management Team has two roles in relation to Risk Management. These are:

Operational:

Owns the management of risks -
Assesses risks, reviews them twice yearly, confirms responsibility.

Functional:

Provides technical support to manage risks -
Responsible to line management.
(Includes HR, Finance, IT, Corporate Services).



Operational management personnel are responsible for the co-ordination of the Risk Management review and liaison with the Director of Finance on the transfer of risks to insurers, where appropriate.

The Board of Management shall satisfy itself that the Risk Management process is effective, taking advice from the Senior Management Team and any internal auditor. Advice shall also be obtained from the external auditor as part of the review of governance in the annual audit. The Director of Finance shall submit a brief report to Board of Management each year, outlining the work in this area and the conclusions reached.

Internal Audit – the internal audit function has a central role in reviewing the governance, risk and control issues within the Association. Specifically in relation to Risk Management, the internal audit provides independent assurance of content and of process to the Board of Management.

3. Key Activities within Risk Management Process

Risk Management incorporates a number of elements that together facilitate an effective and efficient operation, enabling the Association to respond to a variety of operational, financial and commercial risks.

These elements include:

- **Policies & Procedures** – attached to key risks are a series of policies that underpin the internal control process. These policies are set by Board of Management and implemented and disseminated throughout the Association by the Senior Management Team. Written guidance supports these policies.
- **Monthly Reporting** – comprehensive monthly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior Management Team or by the Board of Management as appropriate.
- **Business Planning and Budgeting** – the business planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting Business Plan Objectives is monitored regularly by the Senior Management Team and Board.

During 2017/18 the Association will undertake an assessment of its private borrowing requirements for our new housing development proposals. Inclusive of a full project appraisal and independent business plan review, the following stages will be put in place to mitigate risk and provide the Board with additional assurance.



Stage 1 Review of current loan documents

In 2017/18 the Association appointed HRC led by Paul McNeil to: review all loan documents and prepare a report for the Board of the Association, which will highlight any issues that may restrict future lending or hinder its effectiveness, e.g. future use of free security, other obligations clauses, gearing covenants, security release or negative pledge.

In addition, information will be submitted to the Board about the current lending market. This will set out the options for obtaining private finance and the issues that the Board should consider before committing to any lender. This will include an explanation of the advantages and disadvantages of Bond Finance and other innovative finance mechanisms emerging into the sector.

The purpose of this marketplace report is to first make the Association fully aware of the lending climate and the appetite of different lenders to operate within it and at what terms.

Stage 2 Review of the 2017/18 Business Plan

The consultant reviewed the 2017/18 plan to check the integrity of the financial model and review the underlying assumptions for reasonableness. This will also involve review of other key documents including Loan Portfolio Report and 5YFP to ensure the financial performance of the Association, peer and sector comparisons and future plans in order to ensure fully effective lender negotiation.

The dual benefit of this robust review is a complimentary financial health check which the Association can use for other planning purposes, demonstrating Value for Money by extracting collateral benefit beyond the key purpose of the commission.

Stage 3 Review of Treasury Management Policy

Before preparing and issuing a funding prospectus, the consultant will review the current treasury management policy and if required update it. This will also ensure that the procedures we follow to issue a funding prospectus will reflect the policies of the Association and are fully compliant with SHR Guidelines.

Stage 4 Funding Prospectus

Set out below are the steps involved in the preparation and submission of a funding prospectus.

1. Prepare and agree with the Board of the Association a detailed funding proposal
2. Issue Prospectus to lenders which will include details of:
 - a. Unencumbered assets
 - b. Current covenant structure
 - c. Financial projections
3. Seek tender responses based on the business plan and prospectus.



- **Risk Register** – the Risk Register is compiled by the Senior Management Team in liaison with Board of Management, and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the Association. The document is formally appraised annually but emerging risks are added as required. The Senior Management Team also reviews the document twice yearly. Improvement actions and risk indicators are monitored regularly.
- **Department/Team Framework** – each department manager has their own monitoring framework to ensure that key risks within their department are identified, assessed and controlled. The framework is formally appraised annually and any emerging risks are contained as required. Reference is made to key performance indicators which allow the department to identify any improvement action that is required and to report to the Senior Management Team and Board of Management as appropriate.
- **Internal Audit Programme** – internal audit can be an important element in the internal control process as it provides assurance to management that controls are operating effectively and/or alerts management to any control weaknesses identified. Internal Audit is responsible for carrying out individual assignments to enable the delivery of proactive advice to Board of Management. The internal audit programme will address the key risks within the Association. Within an annual report to the management committee, the internal auditor shall provide a specific comment upon his/her annual review of the internal control system and his/her professional opinion on the effectiveness of the internal control system, and the extent to which it can be relied upon. (The Association has more than one internal audit function.)
- **External Audit** – external audit provides feedback to the Group Audit finance sub-committee on the operation of those aspects of the internal control system reviewed as part of the annual audit. They shall also provide a comment on the general governance arrangements within the Association.
- **Business Continuity Planning & Disaster Recovery** – interruption of the Association's business threatened by any emergency events will be limited via the procedures of its disaster recovery plan.
- **Third Party Reports** – from time to time the use of external consultants will be necessary in areas such as health and safety, development, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.
- **Scottish Housing Regulator (SHR)** – The Regulatory Advice Note sets out expectations as to how registered Social Landlords (RSLs) should comply with **Regulatory Standard 3**. This requires the governing body of each RSL to manage its resources to ensure financial well-being and economic effectiveness. There are particular challenges at this time for RSLs in managing to protect their financial health. The SHR recognise that RSLs which do not manage to do so are unlikely to be able to achieve good outcomes for tenants and other stakeholders. RSLs may face increased financial stress as a result of Welfare Reform.

In addition, **Regulatory Standard 4** applies directly to how the Association manages and mitigates risk to the Cassiltoun Group which includes our subsidiary companies, Cassiltoun Trust and Cassiltoun Stables Nursery.

Standard 4 states “The governing body bases its decision on good quality information and identifies and mitigates risk to the organisation's purpose”.

4.3 states “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.”



- **Key emerging risks** – All RSLs should give due attention to these emerging issues through their ongoing management of risk and business planning:

- increased exposure to, and management of, growing pension obligations. The 2013 Pension Deficit (SHAPS) increase has led to a full Independent Review of Pension cost and provision. As a result the Board in November 2013 decided to end final salary pension for new staff from 1st April 2014. Existing staff will remain within the final salary scheme until the next review. The Association will offer a defined contribution pension for new staff which will also allow existing staff to transfer if they wish with auto enrolment from 2015.
- Welfare Reform is a serious risk facing the organisation due to the changes in welfare payments. The Association has recognised that this risk would be significant for some time and have set about introducing robust plans to help mitigate the risk. For example in 2013 the Association successfully secured 5 years Big Lottery funding to create a Welfare and Money Advice Team, consisting of 3 full time staff (Welfare Rights Officer, Financial Inclusion Officer and Advice Assistant). From April 2017 the team increased to four with the introduction of an administrator (Digital and Financial Inclusion) post, funded by the Big Lottery. In addition to help further mitigate the risk and forward plan the Board have extended the 5 year period to 6 years therefore taking the project to 31st March 2020. This will be kept under further review internally. At the time of reviewing the risk policy and register the team has continued to make a significant impact on the financial capability of their clients and contributing to rent arrears reduction. This risk will be kept under constant scrutiny by the Senior Management Team and Board.
- supply chain management (break down in supply chain / financial stability of private contractors).
- increasing scarcity of public funding and tension with increasing demand from those requiring housing and care.
- our children's nursery subsidiary must continue to be managed carefully in the next phase of its operation to ensure that our reputation is not damaged.

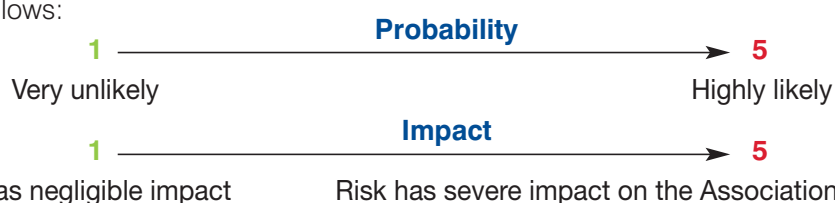
There are a number of other potential developments that may introduce further cost pressures or new risks for RSL's.

- increased complexity for Risk Management where RSLs are setting up trading subsidiaries for mid market rent, social enterprise etc; increased pressure upon arrears due to economic circumstances; Welfare Reform.
- use of Consumer Price Index rather than Retail Price Index for, for example, benefits and pension calculations; CPI 3% September 2017. RPI 3.9%.
- proposed or planned changes to housing policy including the implementation of the housing bill and planned changes to the property management / factoring regime.
- the potential costs of landlords' obligations in relation to climate change targets.
- Increased development activity increasing the debt within the Association and having a significantly higher debt charge.

4. Scoring Methodology for the Assessment and Prioritisation of Risk

The scoring methodology for the assessment and prioritisation of risk is applied consistently to all risks so that the Association's resources are directed to those risks which have the highest score and, therefore, present the greatest threat to the Association's operations.

The probability and impact of both inherent and residual risk will be assessed using a scale from 1 to 5 as follows:



The overall risk score will be the sum of the probability and impact scores added together and expressed as a percentage.

5. Annual Review of Effectiveness

The following diagram sets out the typical elements of the Risk Management process:

As indicated earlier in this document, the Board of Management is responsible for reviewing the effectiveness of internal control of the Association, based on information provided by the Senior Management Team.

In practice, the Board of Management shall identify and review those risks appearing towards the top end of the risk register (the 'top ten'). For each of the key risks they shall:

- Review the previous year and examine the Association's track record on risk management and internal control; and
- Consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In reaching its conclusions and making decisions, the Board of Management will consider the following aspects:

Control Environment

- The Association's objectives and its financial and non-financial targets
- Organisational structure and calibre of the Senior Management Team
- Culture, approach and resources with respect to the management of risk
- Scheme of delegation
- Public reporting

On-going Identification and Evaluation of Key Risks

- Timely identification and assessment of significant risks
- Prioritisation of risks and the allocation of resources to address areas of high exposure

Information and Communication

- Quality and timeliness of information on key risks and assurance providing activities
- Time it takes for control breakdowns to be recognised or new risks to be identified

Monitoring and Corrective Action

- Ability of the Association to learn from its problems
- Commitment and speed with which corrective actions are implemented.



Status:	Approved by Group Audit Committee
Date First Established:	March 1998
Date of Version:	October 2016
Responsibility for Document:	Chief Executive Officer
Responsibility for Review:	Board of Management
Responsibility for implementation:	Chief Executive Officer
Date of Next Risk Review:	October 2017
Date of Next Policy Review:	October 2018

Appendix A – Glossary Of Risk Terms

When putting in place a structure for the analysis and management of risk, it is important that the organisation uses a common risk language. The following table sets out some definitions for the Association's risk management activities (source: The Housing Association).



Risk	The threat that an event of action will adversely affect the Association's ability to maximise stakeholder value and to achieve its business objectives. Risk arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.
Risk Management	A logical and systematic method of identifying, analysing, assessing, treating, monitoring and communication risks in a way that will enable the Association to minimise losses and maximise opportunities.
Inherent risk	The risk that arises from engaging in an activity. It is the risk that exists before any mitigation (risk treatment) action is taken.
Residual risk	The remaining levels of risk after treatment measures have been taken. If it falls within the organisation's risk tolerance, then residual risk is acceptable; if it falls outside, then other actions may be needed.
Risk treatment	The selection and implementation of appropriate options for dealing with risks. These may include: <ul style="list-style-type: none"> • Accept • Transfer (e.g. insurance) • Exploit/Reduce • Avoid • Reject • Fallback (putting into place a 'Plan B') • Share (eg between the Association and a supplier) • Enhance (where the risk leads to a positive outcome)
External risks	External risks arise when there are external forces that could either put the Association out of business or significantly change the assumptions that drive its overall objectives and strategies.
Strategic risks	Those risks which affect the Association's ability to meet its strategy or which derive from the strategy.
Risk Tolerance	The Association's attitude towards risk taking, which in turn dictates the amount of risk that it considers acceptable.
Operational risks	Those risks associated with all the ongoing day to day management of the business. This will include the risks around the business processes employed to meet the business objectives.
Information risks	Risks arising from the Association making decisions, based on information which is in some way flawed.
People risks	Risks arising from the fact that people can make both inadvertent and deliberate errors in carrying out their day-to-day tasks.
Financial risks	Risks related specifically to the financial aspects of the business and the underlying financial processes.
Embedding Risk Management	The identification and management of risk becomes part of ' <i>business as usual</i> ' within the Association.



Appendix B Strategic Risk Register

<p>In order to ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost efficient way.</p>	<p>Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment, (£50m to date).</p>	<p>Maximise opportunities for community involvement in the regeneration process, promoting social inclusion and 'wider action'.</p>	<p>Ensure that the work of the Association is supported by effective financial, administrative and personnel systems</p>	<p>To ensure that the Cassiltoun Group structure is adequately supported to deliver its goals.</p>
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Strategic Risks

Risk Ref.	Strategic Objective Ref.	Risk Category	Risk Description	Inherent Risk		Control Measures		Residual Risk		Risk Owner	Further Action Required	Assurance
				Probability	Impact	Probability	Impact	Probability	Risk Priority (%)			
1	2	Financial	To ensure that the management of the Association new build programme is delivered on time and within budget.	4	4	80	Development Risk Register in place. Monthly controls are set by the Architect, and other members of the design team. The board receive regular updates.	2	2	40	CEO and Director of Operations	No further action required apart from the agreed management arrangements. MAST Architects are the lead organisation and have the project management responsibility. Laura Edwards and Fiona McGowan.
2	1	Financial Operational	Universal Credit implementation will have an adverse effect on rental income, additional costs and will have an adverse effect on service delivery.	5	4	90	The Association has an experienced and skilled Welfare and Money Advice Team who will be in place until 2020. Tenants are kept informed through the website and newsletters and staff are updated. The Operations Team has maintained an increase in staff to provide additional resources to combat increase workloads. As part of its mitigation the Association is increasing access to IT and planning ahead for peaks in demand including increase in opening hours.	4	3	70	Director of Operations CEO	Continue to monitor external trends and environment. Ongoing monitoring and review of the Association's approach and performance is essential to help deal and offset adverse trends.
3	All	Financial	Failure to prepare for the SHAPS pension deficit. Increase in pension deficit liability. Additional cost possible. Change to SHAPS pension for staff.	3	3	60	SHAPS DB Scheme was closed in April 2014 to new staff. Business plan has been prepared with both DB costs within it plus the past service deficit.	1	1	20	Board and SMT lead by CEO	SHAPS will be undertaking an individual valuation per employer for March 2019 which may change the estimated liability currently used. At this point there will be about 3 years left of the recovery plan although this was previously 8 years. Strathclyde scheme just covers 3 staff.



Strategic Risks

Risk Ref.	Strategic Objective Ref.	Risk Category	Risk Description	Inherent Risk			Control Measures			Residual Risk			Risk Owner	Further Action Required	Assurance
				Probability	Impact	Risk Priority (%)	Probability	Impact	Risk Priority (%)	Probability	Impact	Risk Priority (%)			
4	All	External and internal	<p>The Association must comply with the Regulatory Standards of Governance and Financial Management. The 6 Regulatory Standards:-</p> <ol style="list-style-type: none"> 1. The Governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. 2. 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. 3. The RSL manages its resources to ensure its financial well-being and economic effectiveness. 4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisations purpose. 5. The RSL conducts its affairs with honesty and integrity 6. The governing body and senior officers have the skills and knowledge they need to be effective. 	2	3	50	The Self Assessment highlighted high levels of compliance. Full external audit of the Regulatory Standards was completed February 2019. Demonstrated 84% Compliant 16% Partial compliant	1	2	30	CEO Corporate Services Manager	The Board received a detailed assessment report which highlighted areas of strength. Recommended an improvement plan	Improvement plan in place. Board workshop to review and to prepare for new SHR Regulatory changes from April 2019.		



Strategic Risks



Risk Ref.	Strategic Objective Ref.	Risk Category	Risk Description	Inherent Risk		Control Measures		Residual Risk		Risk Owner	Further Action Required	Assurance	
				Probability	Impact	Probability	Impact	Probability	Impact				
5	All	Financial Operational Personnel	The Association must ensure compliance with the SHR and continue to perform well against the Social Housing Tenant Charter Indicators by benchmarking strongly to reduce the risk of increased level of engagement with the Scottish Housing Regulator.	3	3	60	3	2	2	40	CEO Director of Operations	Regular review internally by the Board and the Tenant Scrutiny Panel will assist the ongoing performance monitoring and review which will allow the Association to take action should the need arise to help improve performance. Cognisance needs to be taken of the SHR currently reviewing the Charter Indicators to ensure that going forward the Association can gather and report on the required information. New Tenant's Satisfaction Survey due to be carried out Summer 2019 in line with SHR guidance.	Association achieved excellent performance. Independently verified and issued to tenants in October 2018. Internal audit of ARC.
6	All	Financial Reputation	Cassiltoun Stables Nursery – a decrease in sales and poor financial controls lead to reduction in income, rising costs and increased bad debts. Impact on the Associations reputation with SHR, Care Inspectorate and other funders.	2	2	40	2	1	1	20	Corporate Services Manager	Nursery has continued to make repayments to loan and made operating surplus of £27k in 17/18. 2018/19 surplus to be confirmed.	External funding for 5 staff salaries due to end June 19. New staff contracts across the Nursery are restricted to an end date of June 19 so that business plan and budget can be reviewed to ensure the after the funding ends the Nursery can assess what staff are required and what impact these costs have on the overall budget.

Strategic Risks

Risk Ref.	Strategic Objective Ref.	Risk Category	Risk Description	Inherent Risk			Control Measures			Residual Risk			Risk Owner	Further Action Required	Assurance
				Probability	Impact	Risk Priority (%)	Probability	Impact	Risk Priority (%)	Probability	Impact	Risk Priority (%)			
7	1, 2, 5	Operational Financial	Failure of IT systems leading to business disruption, financial loss and loss of data. Warranty will expire in 2020.	3	2	50	Improved backup systems in place Nov 2017 with new server and higher capacity cartridges bought.	2	2	40	Director of Finance & IT	Backup banking facility for home use working Sept 2018. On-line server data copying to a remote site to be by TSG in 2019/20 (Quarter 3)	System backed up daily. No problems to report and TSG check file restore at each proactive visit.		
8	All	External	Failure to comply with relevant legislation (e.g. Data Protection, Health & Safety, OSCR requirements).	2	2	40	Association follows its annual calendar which details our governance timetable both internally and externally to meet our registration and charity requirements. Staff/Board receive appropriate awareness training.	1	2	30	CEO and SMT	Maintaining records and systems will continue to be adhered to ensure compliance with GDPR Regulations			
9	All	External	Economic dangers to our suppliers that would limit or restrain our ability to continue providing essential services.	1	3	30	This risk is greatly mitigated via the Association's contract with City Building (underwritten by Glasgow City Council). City Building are a well established multi trade contractor who use a number of suppliers to support their business. When we select contractors for Development and major repairs we follow diligent selection criteria to reduce risk. Association also appointed a Facilities Management Contractor for Buchanan Lodge to help mitigate this risk further – ensuring we have options in place should a crisis arrive.	1	1	20	CEO Director of Operations supported by SMT	The Association takes reasonable background checks with our major suppliers before appointing e.g. Crudens appointed from the Link Framework (due diligence carried out prior to acceptance on Framework). Mini competition between companies prior to appointment and then due diligence also carried out by the Association	Project management and risk review to Board quarterly report. (New Build Projects) Association works with a range of suppliers therefore risk remains low. We remain diligent and aware of the external environment. If required the Association could quickly engage with alternative suppliers. City Technical (Gas Installation) and service were appointed in 2017 for 3 years. Further reducing risk. Policies and Procedures for Contractor Liquidation in place.		



Strategic Risks

Risk Ref.	Strategic Objective Ref.	Risk Category	Risk Description	Inherent Risk			Control Measures			Residual Risk		Risk Owner	Further Action Required	Assurance
				Probability	Impact	Risk (%)	Probability	Impact	Risk (%)					
10	All	External Political Reputational	Most external funding for regeneration activities is on an annual basis which always presents risks for ongoing project delivery. As an organisation we both accept the inherent risks that projects will cease and strive to reduce it by seeking external funding and utilising internal resources. Funders are expecting more partnership working and the Association is reaching the end of 2 longer term/ repeat funds (CSGN and Lottery funding for Advice Team) which will not be renewed by the funder. If lack of funding leads to a cessation of a project (an example of this is the Employability project in Castlemilk Park) this could impact on other regeneration deliveries and the reputation of the Association within the community.	3	2	50	Through efficiencies and strong business planning Cassiltoun allocates funding towards key regeneration outcomes and has a successful track record in obtaining repeat and long term external funding and working in partnership with other funders and agencies. We are also innovative and will review and re-priorise projects and delivery methods to suit funders priorities and internal capabilities and capacity.	2	2	40	CEO & Communities Co-ordinator	Identify other funders or partners as per Regeneration Plan. Continue to upskill Regeneration staff to access funding, develop new volunteers to assist with delivery and create new partnerships.		
11	1,2,5	Operational	New business continuity planning resulting in business disruption in the event of a disaster.	2	2	40	The Association has produced a business continuity plan to help reduce the impact of serious interruption, including ensuring that a robust supply chain exists via our contracts with City Building and (Facilities Management Services) provide additional reassurance.	1	2	30	CEO & SMT	SMT will monitor, update and test aspects of the plan. This includes ensuring that we can deliver our service to Craigdale Housing Association (Welfare and Money Advice)	Procedures in place to maintain low risk. Health and safety audit. Gas 100% safety audit. Remains a board and SMT agenda item. Internal audit 2020/21	
12	All	Internal	Cassiltoun HA lose key staff. This risk is deemed greater as a result of the former CEO's retirement	2	3	50	Conditions of service. Culture and opportunity, 2016/17 staff succession planning exercise has provided assurance that staff are happy and committed. IIP Review process in Sept 2018 highlighted the issues that are important to staff re the successful appointment of a new CEO Interim staff changes agreed to support 2 year transitional period to reduce risk and potential impact	3	1	30	CEO	The Association will continue to monitor staff morale, attendance and performance. 2017/18 sickness 2.83% Target 3%. 2018/19 figure to be confirmed Benchmark via Scottish average stands at 3.4% (Scottish Government Workforce Statistics March 2018) Probability may be higher however impact reduced due to interim staff review		



Main Issues Encountered over Last 12 Months

- Appointing the design team led by MAST Architects to take forward our 42 new build development.
- Agree with Glasgow City Council Development and Regeneration Services to carry out a housing feasibility study of the Nursery Site.
- Reviewed our Risk Register and carried out risk assessments.
- Review our 30 year Business Plan in line with our planned development programme.
- Secured £5m private funding to support our initial phases of our development programme.
- Carried out a re-structure of our regeneration staff to create our Communities Team.
- Changed our operations management structure to improve our effectiveness.
- Updated our website to improve the information available about our services and how we operate.
- Supported our subsidiary businesses by providing effective governance, corporate management and financial support.
- In particular, helped to organise the 10th Anniversary Stables celebrations.
- Held successful Business Away Days.
- Started the second self-assessment of the SHR Regulatory Standards of Governance and Financial Management.
- Carried out a feasibility study to assess the introduction of a social enterprise to carry out the Association's environmental service.
- Extended the contracts of our welfare money advice team staff to March 2020. With a further review planned in 2018/19 (combat the risks of welfare reform).
- Reviewed Healthy Working Lives and achieved Gold Standard.
- Reviewed Investors in People (IIP) Gold Standard and have achieved Platinum Standard.
- Completed a staff succession planning exercise.
- Carried out a comprehensive review of our Internal Management Plan/Business Plan.



Main Issues Identified from November 2017 – November 2020

Ensuring that we achieve our operational targets. This includes managing our multi trade reactive maintenance contract, new stair cleaning service and environmental maintenance contract. In addition our cyclical and major repairs contracts are being closely managed to ensure greater tenant satisfaction and improved value for money.

Maintaining our links with other strategic partners and stakeholders.

Ensuring that we review and monitor our financial controls.

Ensure that our risk assessment procedures continue to be robust, flexible and suitable for the changing environment in which we operate.

Complete a Tenant Satisfaction Survey and Stock Condition Survey in 2019.

Complete the rolling programme for planned repairs over the next 5 years.

Every three years to carry out a self-assessment against the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management.

Castlemilk Park is a much improved community asset due to the leadership of Cassiltoun Housing Association. Maintaining the standards of maintenance will be challenging in future years. Sustaining the community use of the park will remain a priority.

New build housing programme will form a key part of our business planning and effect the activity of the Association over the next three to five years.

Maintaining our control over the effects of welfare reform changes by our planned pro-active approach. Universal credit will start in December 2018 (Castlemilk).

Maintaining our social and economic regeneration programme to help support the local community to gain access to services and opportunities.

Consider the options and risks of creating a new social enterprise subsidiary to carry out Cassiltoun Housing Association's environmental maintenance work.

Monitor the work, direction and viability of our subsidiary businesses.

To maintain our high standards of customer satisfaction and achieve value for money that our tenants can identify with.

To sustain overall high base line performance as a landlord as identified in the SHR Landlord Report Cards to date. Benchmark our performance and sustain our culture of continuous improvement.

Prepare for Data Protection changes in May 2018 and the introduction of Freedom of Information in 2019.

Monitor pension costs and affordability

Achieve by 2020 the Energy Efficiency Standard for Social Housing.



Barlia 3 Development • Risk Register

Risk	Risk Category	Control Procedure/ Comments
Development of site is not financially viable	Financial/ PR	Carry out a feasibility study to ensure that any commitment made by CHA to develop the site is based on reasonable assumptions about capacity, land conditions, cost and planning constraints. Feasibility Study now concluded and approval from DRS to proceed has been received. Cost plan submission will be made to DRS prior to tendering.
Challenge to procurement process for selection of design team and contractor	Financial/ PR	Link Group Framework being used. The Board were advised at the meeting in November 2016 that there was a small risk to a challenge as a result of not using the 'Most Economically Advantageous Tender' in all cases and instead selecting from the framework list. However, this was balanced against the risk of delaying commencement of the project and the threat of losing access to development funding if scheme was not progressed sufficiently to secure tender approval by end of 2017/18. All call-offs from the Link Framework have been published on OJEU.
Consultants with insufficient expertise are commissioned	Financial/ PR/ Regulatory	Link Group Framework being used. Robust selection process has been followed assessing both quality and price. Details of Professional Indemnity Insurance for all design team members are held on file and monitored monthly by Development Consultant to ensure that updated documents are forwarded at expiry dates.
Costs of project are not controlled leading to cost over-runs	Financial/ PR/ Regulatory	Cost Consultants are employed to monitor and control this. A 'Traditional contract' will be entered into with the successful contractor, rather than 'Design and Build'.
Proposals are not approved for development funding by Glasgow City Council (development funding, planning, roads) leading to abortive design stage costs that have to be funded by CHA	Financial/ PR	Close liaison with DRS is on-going regarding this development.
	Financial/ PR	Consultation with GCC will be integral to Design Process
	Financial/ PR	Seek confirmation from DRS of any conditions of grant that will influence design. DRS have now confirmed requirements for 10% wheelchair housing, Housing for Varying Needs, Secure by Design and Silver Standard design Aspects 1-8. They have also confirmed that the planned 'Glasgow Standard' is not a requirement for this project.
Design Team progress designs that are not in line with CHA expectations	Financial/ PR	Initial discussions took place at Feasibility Stage with Planning Department. Architect has had two pre-application meetings with Planning Department and suggested some minor amendments. This gives confidence that the proposed design will be acceptable to the local authority when application is made. Car parking statement of support from CHA will be provided within Planning Application pack.
	Financial/ PR	A meeting with DRS funders/ technical section took place to review designs- comments taken on board prior to finalising designs for planning application.
Land is not suitable for development	Financial/ PR	CHA have provided design team with a specification of aspirations including any comments on components, products, and materials that they wish to see included/ excluded from the design. On-going meetings are being held to discuss detailed design. The Board gave sign off on 16th August 2017.
	Financial/ PR	Site investigation has been carried out and nothing untoward discovered



Barlia 3 Development • Risk Register

Risk	Risk Category	Control Procedure/ Comments
Local environment and wildlife are not given due consideration as part of development process	Financial/ PR/ Environmental	<p>Feasibility Study included consideration of how the site would 'tie in' with local park (and potential purchase of some park land) as part of Feasibility Study.</p> <p>Landscape Architect employed.</p> <p>Establish presence of any protected species. Habitat survey has been carried out (May 2017) and identified the following:</p> <ul style="list-style-type: none"> • There is evidence of mammals crossing the site however no evidence of Fox dens or Badger setts. • Bat Survey recommended for the dead chestnut tree and adjacent 3 oak trees • An area of Horsetail identified that will need to be treated before soil strip <p>A bat survey of the trees will be commissioned. Tender documents will highlight the potential use of the site by mammals and will also include requirement for contractor to treat horsetail before soil strip.</p>
Access to site required beyond the boundaries of ownership	Financial/ PR/ Regulatory	<p>Establish clear 'red line' boundaries.</p> <p>All red line boundaries have been checked and discrepancy identified at Site A (Church). Access to site no longer required beyond boundaries of ownership as ownership includes footpath to front of site. However, it has also become apparent that the extent of the ownership at Site A is not as was originally thought. The additional land to west of owned site is now subject of separate purchase by CHA from GCC.</p> <p>Heads of Terms/ price are being negotiated with City Property.</p> <p>TC Young have also been instructed to seek waiver from GCC with regards to the maintenance of the 'ornamental verge' in front of site A.</p> <p>A final check, after completion of hammerhead design of new road, is planned to 'map' the proposed site layout against the land owned/ under conveyancing to ensure there is no discrepancy (or identify any additional land required).</p>
Local Community do not feel informed in the development of the site	PR	<p>Hold open day and keep community appraised of the development via Association's newsletters.</p> <p>Open day held as part of Feasibility Study process.</p>
Vacant land giving fly tipping and anti-social behaviour potential	Financial/ PR	<p>Regular estate management inspections.</p>
Purchase of 6 Barlia Drive giving liability of empty building	Financial/ PR	<p>CHA Insurers have been advised of purchase.</p> <p>City Property was unable to confirm safe disconnections of services. CHA has instructed/ paid Scottish Power to carry out disconnections.</p> <p>Give consideration to early demolition of the LRT building (NB this would attract VAT whereas demolishing the building as part of main works would not attract VAT). Currently there are no reports of arson attempts so at present it is still proposed to carry out the demolition as part of the main contract.</p>
Potential for asbestos at Site D building	Legal/ PR/ Health	<p>Asbestos Survey completed. No Asbestos containing materials identified at the site.</p>



Barlia 3 Development • Risk Register

Risk	Risk Category	Control Procedure/ Comments
Cassiltoun are not aware of their responsibilities as 'employer' under Construction Design and Management (CDM) Regulations	Legal/ PR/ Financial/ Regulatory	CDM Advisor appointed to assist with this. Specific training session for Board members took place on 8th June 2017 on this topic. CDM Appendix forms part of the quarterly reporting to the Board to ensure all aspects relating to CDM are known/ addressed appropriately.
Potential need to take access over the land owned by third parties in order to tie into services such as sewers	Legal/ Financial	Engineer has identified a collapse in the sewer that we need to connect into. In order to rectify this we will need to carry out works to the sewer within the park owned by GCC. CHA Solicitors have been instructed to seek a way leave to allow this to happen.
Statutory Approvals will not all be in place when contractor is appointed.	Legal/ PR/ Financial/ Regulatory	The project will be developed with the intention of getting a three-staged warrant from GCC. It will be a key requirement placed on the successful contractor to get their timber kit manufacturer to progress as a priority designs for the frame to allow the stage 3 warrant to be applied for. Planners have indicated that they wish to see the retention of the two mature trees to the front of the site and therefore designs were re-worked to allow access from further west at the front of the site. They have also expressed concern at the reduced size of Site A/ the impact that this has on amenity space. Designers have reviewed site layouts to address this.
Failure of Association to adequately monitor performance of Design Team	Financial/ Regulatory/ PR	A set of Key Performance Indicators has been developed and is now integral to the quarterly report to the Board.
Scheme does not progress within planned programme	Financial/ Regulatory/ PR	Design team are monitoring the programme on a monthly basis with key milestones set.

