



**LIVE
GREAT
WELL**

 **Greatwell
Homes**

Risk, assurance and compliance framework

2022-2025

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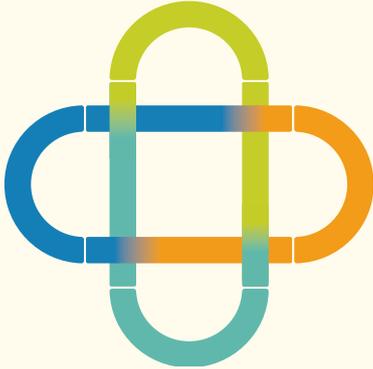


We believe that living well starts at home, and that a home is much more than a place to live.

As a community-based housing provider, we're all about creating safe, secure and sustainable homes for people in and around North Northamptonshire. We also want to shape great communities and deliver services that work well for local people.

Our vision

Great communities where people live **well**.



Our mission

We partner with customers and communities to shape places people are proud to call home.

Our promise

We provide homes and services that work for you.

Our values



Inclusion

We value difference and respect every person



Collaboration

We trust our team family and work together openly



Kindness

We are friendly, wish others well and look out for each other



Customer focused

We take pride in working with customers and communities



Adaptability

We look for ways to be more efficient and effective in what we do

Summary

Our **Live Greatwell** corporate plan is based on the four key strategies of:

 **Live proud**

 **Live green**

 **Live happy**

 **Live safe**

The **Risk, assurance and compliance framework** is one of six frameworks underpinning these strategies.

We need to identify emerging risks and mitigations quickly. Doing this enables us to identify, evaluate, prioritise and apply resources to minimise, monitor and control the probability or impact of unfortunate events and maximize opportunities.

This is particularly important to deal with the uncertainty surrounding the economic and operating environment at national and local levels, including managing relationships and the raft of new legislation and regulation that will come forward over the life of this plan. We need to provide assurance that we comply with all legal and regulatory requirements and that customers' homes are safe.

We will do this by:

- Being a risk-aware organisation
- Making risk-evaluated decisions
- Providing risk-assessed services
- Employing risk-empowered staff.

We will review this framework annually and report progress to the Board in its yearly corporate plan update.



Context

The risks facing us change according to the internal and external environment, so we must continuously monitor emerging risks.

During 2021/22 we carried out a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to highlight the factors influencing and impacting on Greatwell Homes. We have used this to identify the key risks facing our organisation.

Led by a skills-based Board, we are in a strong place to deliver the **Live Greatwell** priorities that will shape our organisation for the future, and deliver the services that meet current and future customers' needs.

This framework sets out our approach to ensuring that we comply with legal and regulatory requirements, and how we provide assurance to the Board that we are identifying, assessing, managing, monitoring and reporting risks effectively.

We define a key risk as the possibility of an event, which could prevent us:

- Achieving key strategies and objectives in the **Live Greatwell** plan
- Complying with legal and regulatory standards
- Delivering our customer commitments and good customer service
- Protecting market integrity.



Purpose



The purpose of this framework is to set out our level of risk appetite and rules to identify, assess, manage, monitor and escalate risks. This is supported by a coordinated approach to minimise the likelihood and impact of risks, while maximising opportunities.

Risk management needs to be embedded throughout the organisation and be integral to everything we do. We make decisions every day at different levels across the organisation. In each case, we must consider the risks and opportunities involved and be able to justify the rationale for our actions.

The key risk areas affecting the **Live Greatwell** plan are:

- **Asset health and safety compliance:** ensuring we meet legal obligations such as gas, fire, fire safety, asbestos and electrical testing
- **Financial and treasury management:** concerning financial viability
- **Housing management and maintenance:** relating to how we manage properties, including repairs and maintenance, lettings and tenancies

- **New supply, acquisitions and disposals:** relating to any increase or decrease in property numbers and types, including mergers and strategic alliances
- **People:** relating to stakeholders and stakeholder management, including employees and workforce planning
- **Regulatory compliance:** relating to regulatory and legal requirements, including those from funders
- **Support services:** relating to support services such as independent living
- **New business ventures:** relating to new income streams and service offers.

As part of the annual review of this framework, we will update these key risk areas to ensure they continue to reflect the operating environment.

On an annual basis, the Board will review and set its risk appetite against all key risk areas, on a scale ranging from 'averse' to 'hungry':

- **Averse:** take every action possible to eliminate or avoid risk and uncertainty
- **Minimal:** always opt for very safe business options with a very low degree of inherent risk, even if this means limited potential for reward
- **Cautious:** prefer safe options with a low degree of inherent risk and only limited potential for reward

- **Open:** willing to consider all options and choose the one that is more likely to result in successful delivery and an agreed level of reward
- **Hungry:** eager to be innovative and to choose options based on potential higher rewards.

We will update our risk appetite matrix annually to reflect what each appetite rating means for every key risk area.



We will do this by:

Providing risk-assessed services

- We are committed to ensuring that risks do not deflect from the provision of services, while protecting assets and resources from undue risks. We will assess the risks involved for all services and any changes made to these, as well as new services we might offer to customers. We will work closely with our involved customers, especially the Customer Scrutiny Group and Customer Assembly, to identify risks and highlight opportunities.

Employing risk-enabled staff

- Understanding risk and our organisational attitude to risk should be implicit for all employees, Board members and stakeholders. Our employees have an important role to play in providing assurance that day-to-day processes and service delivery are compliant with policies, legal obligations and regulations, and escalating risk quickly.

Having a control environment

- Where competent people understand their responsibilities and are committed to acting appropriately to provide a foundation for internal controls to exist and operate effectively
- Effective control environments follow five principles:
 - Demonstrating commitment to integrity and ethical values: our mission statement, Greatweller values and behaviours
 - Exercising oversight responsibilities: our Governance and Delegation Framework (GDF)
 - Establishing structures, authority and responsibility: organisational structure, policies, procedures and process maps
 - Demonstrating commitment to competence: recruitment, corporate training plan and individual development objectives
 - Enforcing accountability: 1:1s, appraisals, reporting to our Board and Committees.



Success will look like

- Achieving the framework objectives, to realise benefits for us and our stakeholders, especially customers
- Delivering efficient operations that identify risk events in advance and take action to reduce the likelihood of them occurring
- Having processes that consider the risks involved and available alternatives
- Fully analysing risks associated with strategic decisions to enable better decision making
- Offering high levels of assurance to stakeholders
- Having a robust risk management framework to ensure that we minimise risk and protect our reputation
- Achieving legal and regulatory compliance as part of the risk management process.



Measuring success

Using the risk assessment tool in Appendix 1 enables us to score each risk area based on likelihood, impact and speed of the impact once the risk has occurred.

To measure success in delivering this framework we use key and operational performance Indicators (KPIs and OPIs) that link to our risks and objectives.

We set targets as part of the annual corporate planning cycle, aligned to priorities and strategies.

Measures

Measure	Tracked through
Asset health and safety compliance	Asset health and safety OPI suite Asset management and compliance KPIs Asset management and compliance OPI suite
Finance and treasury management	Value for money (VFM) metrics Finance KPIs Finance OPI suite
Housing management and maintenance	Annual balanced scorecard KPIs Repairs OPI suite Housing OPI suite Asset investment OPI suite
New supply, acquisitions and disposals	Annual balanced scorecard KPIs Development and sales KPIs Development and sales OPI suite
People	Annual balanced scorecard KPIs Human resources (HR) KPIs HR OPI suite
Regulatory compliance	G1 (governance) rating Governance and business assurance OPI suite
Support services	Support services OPI suite
New business ventures	Development and sales OPI suite

Monitoring the framework



Appendix 1 sets out the process for identifying, assessing, managing, monitoring and reporting risks including providing assurance on mitigations and overall compliance.

We review and score operational and strategic risks quarterly through meetings with heads of service and executive directors. These include agreement on highest risks, changes in risk scores, mitigation reviews and emerging risks. There are also minuted discussions at quarterly Performance Assurance Clinics.

The Audit and Risk Committee and Board receive quarterly reports on risk and assurance highlighting emerging risks, changes in risk as well as actions, controls and three lines of defence.

Board and Committee papers clearly highlight how the report links to the agreed risk appetite as well as explaining how the recommendations would impact on risk areas (for example, by providing more mitigation or creating additional risks).

We record all areas of compliance on our Compliance Calendar and provide an annual business assurance report to the Board, highlighting areas for improvements. Annually, we also review all risks against the Regulator's Sector Risk Profile and report this to the Audit and Risk Committee and Board through the quarterly update.

The Audit and Risk Committee and Board receive quarterly reports on fraud and potential fraudulent activity, including actions taken and risk mitigation.

We provide additional assurance on key risks by a programme of internal audits completed throughout the year. Our external auditors also provide annual assurance and we report key risks and risk appetites as part of the annual statutory accounts. Every year, customers review our compliance with the regulatory framework, including the consumer standards.

Appendix 1: Risk escalation and assessment

We discuss operational risks at team and director level, highlighting emerging strategic risks at quarterly meetings and performance assurance clinics for heads of service and executive directors to discuss. These are then reported to the Audit and Risk Committee and Board and added to the strategic risk register if they materialise.

We score operational and strategic risks using the RAG (Red, Amber, Green) assessment tool. If a risk is rated 'red', this automatically triggers a review and a decision on whether it needs to be escalated. We define actions, controls and levels of assurance as follows:

Actions

Things still to be put in place. Actions become controls once they are completed. Examples of actions include policies and procedures, internal audit recommendations and scrutiny recommendations.

Controls

Ensure that risks are mitigated and managed.

Assurance

Reports and checks to ensure that controls are effective through the three lines of defence model.

The risk assessment tool relates likelihood, speed and impact of any risk:

Risk = (Likelihood + Speed) x Impact (for example, a highest possible score of $(5+5) \times 5 = 50$).

	Likelihood	Speed	Impact
5	Almost certain	Immediate	Catastrophic
4	Likely	One month	Serious
3	Possible	Six months	Substantial
2	Unlikely	One year	Noticeable
1	Extremely unlikely	More than a year	Limited

We use a 'heat map' to highlight risk scores and direction of travel, and to prioritise risk.

Risk scoring matrix	Risk score = (Likelihood + Speed) x Impact						
Likelihood (Almost certain, Likely, Possible, Unlikely, Extremely unlikely) + Speed (Immediate, 1 month, 6 months, 1 year, >1 year)	10	10	20	30	40	50	<11
	9	9	18	27	36	45	11<29
	8	8	16	24	32	40	>29
	7	7	14	21	28	35	
	6	6	12	18	24	30	
	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	2	3	4	5

Impact (Catastrophic, Serious, Substantial, Noticeable, Limited)

Review of risk registers

	Corporate	Operational	Emerging risks
Board	Quarterly	N/A	Identified as and when needed
Audit and Risk Committee	Quarterly	N/A	Identified as and when needed
Executive Management Team	Quarterly	N/A	Identified as and when needed
Senior alliance managers	Quarterly	Quarterly	Identified as and when needed
Operational managers	Quarterly	Quarterly	Identified as and when needed

We record any changes to risk score quarterly, with explanations as part of the quarterly assurance reports to the Audit and Risk Committee and Board.

While likelihood and speed have a largely common definition, degrees of impact can vary between organisations. We define what the degrees of impact mean for us by mapping these against the eight risk areas:

	Limited	Noticeable	Substantial	Serious	Catastrophic
Asset health and safety compliance	No/low level of minor injuries	Some minor injuries	Major injury	Serious injury/near loss of life	Loss of life
Finance and treasury management	3% variation to base case on financial triggers	10% variation to base case on financial triggers	20% variation to base case on financial triggers	30% variation to base case on financial triggers	Perfect storm, covenant breach
Housing management and maintenance	Core service ceases or is disrupted for less than one day	Core service ceases or is disrupted for one day	Core services are disrupted for 3-5 days	Core services cease for 3-5 days	Core services cease or are disrupted for more than 5 days
New supply, acquisitions and disposals	Delays in development pipeline	Slowdown of development pipeline	Stagnated stock numbers	Reduction of stock by 15%	Reduction of stock by 50%
People	Isolated negative press coverage	Dissatisfaction/complaints, unfavourable local media coverage	Serious injury or several minor injuries, adverse local media coverage	Serious injuries, major adverse regional media coverage	Loss of life, epidemic, adverse national media coverage
Regulatory compliance	G1/V2	G2/V1	G2/V2	Regulatory intervention	Forced takeover
Support services	5% reduction in independent living properties offered	Closure of one independent living scheme	Closure of 50% of independent living schemes	Serious injury, closure of 75% of independent living schemes	Loss of life, irreparable reputational damage, closure of all independent living schemes
New business ventures	10% loss of additional income generated above day-to-day activities	50% loss of additional income generated above day-to-day activities	100% loss of additional income generated above day-to-day activities	20% subsidy needed from day-to-day activities, reliance on income from new business ventures	50% subsidy needed from day-to-day activities, over-reliance on income from new business ventures



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