RISK STRATEGY 2024

1. Purpose

1.1 To set out CDS's key requirements for the management of risk.

1.2 To set out the key measures in place to mitigate risk and provide reliable assurance to the board, stakeholders and external assessors.

1.3 To ensure compliance with the Regulatory Framework (Governance and Viability Standard) that requires registered providers to have an effective risk management and internal controls assurance framework.

1.4 To describe the board's agreed appetite for risk across risk themes.

2. Definition and Scope

2.1 Risks are defined as uncertain future events that could expose CDS to loss, damage to reputation or the non-achievement of CDS's corporate plan and financial objectives.

3. Roles & Responsibilities

3.1 BOARD OF MANAGEMENT

The Board of Management for CDS is required to manage prudently the financial affairs and material business risks faced by CDS, ensuring adequate and appropriate systems of control and exercising proper stewardship of public funds.

The board has responsibility for ensuring that CDS fulfils the aims and objectives set out in its rules and in its corporate and business plans and has responsibility for the oversight of effective risk management. The board receives quarterly reports to enable it to maintain its oversight and board members also scrutinise risk management in greater detail through its Finance, Audit & Risk Committee, as set out below at 3.2.

The board aims to achieve high standards of corporate governance at all times, including setting the risk appetite for CDS and monitoring the mitigation of the key financial, strategic and other risks. These will include individual risks or a scenario or combination of risks of a scale that could have a major or significant impact on the future of the knowledge and receives additional assurance through the appointment of expert consultants and specialists.

Every recommendation submitted to the Board of Management will include a risk impact statement. If the item is related to any business significant risk on the risk map, this should be clearly detailed and the potential impact of the recommendation on the risk score for that risk should be detailed.

3.2 FINANCE, AUDIT & RISK COMMITTEE

The Finance, Audit & Risk Committee is responsible to the board for:

- Bringing independent scrutiny and challenge to provide the board with assurance.
- Exercising oversight of the internal and external audit functions.

- Reviewing the major risks present in CDS's operational activities and the arrangements for minimising and mitigating them.

- Reviewing the effectiveness of CDS's internal control systems and making recommendation on audit practice and the appointment of the external auditor and the internal auditor to the board.

Its terms of reference include having detailed responsibility for:

a) Policy approval for those related to finance, audit and risk

b) Internal audit

c) External audit

d) Risk management

e) Financial management oversight and scrutiny

f) Fraud oversight

g) Internal controls monitoring

3.3 CHIEF EXECUTIVE

The Chief Executive is responsible for the day-to-day operations and management of CDS.

In managing risk, the Chief Executive will ensure that:

- A system of risk management is maintained to inform decision on financial and operational planning and to assist in achieving objective and targets;

- The board are involved in the risk management system;

- A strategic (corporate) risk register and other risk registers are maintained as required.

This includes:

- Setting and communicating the risk management and business assurance framework;

- Providing leadership and direction over the risk management process;

- Regularly reviewing the risk register(s); and

- Conducting an annual review of the effectiveness of the system of internal control in support of the Statement of Internal Control.

3.4 DIRECTORS AND OTHER MANAGERS

Members of the Senior Management Team will assist the Chief Executive with monitoring overall risk identification and management.

Members of the Senior Management Team will:

- Maintain a risk register in an agreed format for their areas of responsibility;

- Implement and manage, as appropriate for their areas of responsibility, all measures and processes needed to maintain effective risk and business assurance controls;

- Maintain relevant procedures and records to demonstrate compliance.

Each Director and Head of Service given responsibility for risk register items will:

- Identify and prioritise the detailed risks;

- Report at the frequencies specified in **Appendix 1** to confirm that all known risks are being effectively mitigated and controlled or, if controls are not effective, provide full details of further actions being taken to manage and mitigate the risk.

Anyone with a line management or project management role is responsible for assessing and communicating risks within their sphere of responsibility, including recording identified risks in the appropriate general, departmental or project risk register.

3.5 RISK CO-ORDINATOR

The Corporate Services Director will act as the risk co-ordinator for the Senior Management Team. The Risk Co-ordinator will be responsible for ensuring that the requirements of this risk strategy are adhered to and that quarterly assurance returns are submitted, meetings take place and that progress is being made on implementing action plan items.

3.6 RISK OWNERS

A Risk Owner will be identified for each risk. The Risk Owner is responsible for ensuring that each risk assigned to her/him is managed and monitored and that the risk is mitigated over time through effective controls.

3.7 ALL STAFF

Whilst this strategy sets out CDS's principles for managing risk, successful risk management has to be embedded in working practices day-to-day by staff at all levels of the organisation. Risk management is part of every member of staff's responsibilities and everyone is required to carry out risk management appropriate to their role. This includes managers and staff carrying out risk assessments appropriate to their service area as set out in the Health and Safety Management System.

3.8 INTERNAL AUDIT

CDS will appoint a firm of internal auditors to carry out a regular internal audit plan. The internal audit plan for each year will be agreed in advance with the Finance, Audit and Risk Committee. Over a normal three-year cycle, all key operational areas of risk should be subject to an internal audit review. Each year, however, consideration should be given to areas for which a major change in the operating arrangements has taken place or where there are known concerns about the control framework. In addition, landlord health & safety compliance will be subject to a full audit every year given the critical nature of this area (fire risk, asbestos, gas safety, electrical, legionella & lifts). In the event that any area receives an assessment of "limited assurance" by the internal auditor it will be automatically included in the subsequent year to ensure that the issues identified that resulted in limited assurance have been satisfactorily resolved.

In addition, each year's internal audit plan will include a number of heartbeat audit checks. These will be key internal controls that will be subject to sample testing during each block against a simple pass or fail test that there is evidence that the control was applied. These heartbeat audits

will not make recommendations about changes to practice but are to be used to provide operational managers some understanding of the effectiveness of existing controls. Operational managers will be expected to review any tests that fail and address the issues with the relevant team members to identify why the control failed and how to ensure that it doesn't continue to fail.

The internal audit service plays a key role in evaluating the effectiveness of, and recommending improvements to, the risk management process. This is based on the systematic review and evaluation of the policies, procedures and controls in place to assist management to:

- Establish and monitor the achievement of the organisation's objectives;
- Identify, assess and manage the risks to achieving the organisation's objectives;
- Advise on, formulate and evaluate policy;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- Protect the organisation's assets and interests from losses of all kinds, including fraud, irregularity or corruption; and
- Ensure the integrity and reliability of information, accounts and data , including internal and external reporting and accountability processes.

In addition, internal audits add value through:

- Providing independent assurance of CDS's risk management and controls;
- Facilitating the identification of risks and the development of processes and procedures to assess and effectively respond to risks;
- The identification and recommendation of potential process improvements;
- The provision of advice to manage risks in developing systems, processes, projects and procedures; and
- Providing best practice advice and promoting best practice and engendering continuous improvement.

3.9 CONTROLLING AUTHORITY

- The Chief Executive and the members of the Senior Management Team have day-to-day responsibility for implementing the Risk Management Strategy and for undertaking a periodic review of risk management procedures for reporting to the board.
- The Chief Executive is the nominated "controlling authority".
- The Finance, Audit & Risk Committee review risk management activities and report to the board.

4. Risk Management and Business Assurance Framework

The board is responsible for ensuring that there is an appropriate framework in place to manage risk and provide business assurance. The Chief Executive and the Senior Management Team are responsible for establishing the framework and ensuring that it is periodically reviewed. The board will seek to ensure that:

- Risk identification is linked to business planning and objectives;
- A process is established for identifying risks across the whole organisation; and
- The board and the Finance, Audit & Risk Committee challenge and scrutinise the identification and prioritisation of risks.

4.1 STRATEGIC MANAGEMENT OF RISK

The Risk Strategy is reviewed every three years. The board receives a statement annually from the Chief Executive on the internal control framework and the effectiveness of internal controls. The aim of risk management is not to remove all risk but to recognise that some level of risk will always exist and that controls are needed to reduce risk to a management level. It is recognised that taking risks in a controlled manner is fundamental to innovation and the building of a "can do" culture.

4.2 RISK REGISTER MONITORING

Frequencies for reviewing, updating and reporting on risk registers are set out in **Appendix 1.**

4.3 COMMON APPROACHES TO RISK

In evaluating how to address risks, there are four common approaches to consider:

Terminate – avoid the risk or stop the activity.

Tolerate – some risks cannot be avoided or can be tolerated if the risk is assessed as low.

Treat – where the risk cannot be terminated and the risk rating means that the risk cannot be tolerated, it will need to be "treated" by putting controls in place to mitigate the risk.

Transfer – for some risks, the financial burden can be transferred, for example through insurance cover.

The agreed approach may be a combination of Terminate, Tolerate, Treat and Transfer, as required.

4.4 RISK APPETITE

CDS recognises that some level of risk will always exist. Risk appetite is the amount of exposure to risk the board is prepared to accept or tolerate should the exposure become a reality.

Exposure to risk refers to the expected likelihood and potential impact of risk occurring after the actions put in place becomes effective (residual risk).

Our risk appetite can be expressed as a boundary, above which we will not tolerate the level of risk and further actions must be taken to control the risk to bring it in line with CDS's risk appetite.

The risk appetite is not static. Appetite will be agreed and approved by the CDS board annually, but the board may vote to vary the amount of risk which it is prepared to take at any time depending on the circumstances.

CDS's risk appetite is set out in the **Appendix 2** as is assessed using these levels:

Bold: Eager to be innovative and to choose options offering potentially higher rewards, such as growth and social value, despite greater inherent risk.

Open: Willing to consider all potential options and choose the one most likely to result in successful delivery of growth and social impact.

Balanced: Preference for safe options balanced with acceptance of some risk to achieve a modest reward, including growth or improvement.

Cautious: Preference for very safe options that are low-risk and have a potential for limited reward.

Averse: Avoidance of risk and uncertainty is a key organisational objective regardless of the potential for reward.

If Risk Owners are unable to reduce a residual risk score to the board's stated target risk based on their agreed risk appetite, this will be documented within the cover paper for the strategic risk register that is presented to Finance, Audit and Risk Committee quarterly.

4.5 MANAGEMENT AND REVIEW

4.5.1 Identification of Risks

Each member of the Senior Management Team will establish a Departmental Risk Register which will be monitored and reviewed as set out in **Appendix 1**. High risk items on the Departmental Risk Registers will be considered by the Senior Management Team at their monthly meeting and, where the residual risk score is 10 or higher, will be moved to the Strategic Risk Register. The risk registers will be live documents with opportunities to update them continually together with formal reviews, as required.

When identifying and defining risks, the following guidelines should be followed:

- Risks should be related to the objectives/themes in the Corporate Plan;
- The actual risk should be clearly identified rather than merely stating the risk as being the non-achievement of objectives;
- The risk definition must be in "cause-and-effect" format;

4.5.2 Assessing Risk

We use our key risk framework below to assess the likelihood and potential impact of any risk materialising:

KEY RISK FRAMEWORK	
Health & Safety: Don't kill or seriously injure anyone	**Business interruption:** Don't allow or cause a significant service interruption
Finances: Don't bankrupt the business or cause a serious financial loss	**Reputation & image:** Don't break the law or damage our reputation

Inherent Risk is the exposure arising from a specific risk before any action has been taken to manage it. For each risk, identified, an assessment should be made of:

- **Likelihood** – the probability or chance of the risk occurring, and
- **Impact** – the effect on CDS if the risk occurs.

Risk identification and assessment should include events that may occur within the planning period. Where feasible, past events may provide a useful input to assess risk.

Residual Risk is the assessment of the risk once the inherent risk has been calculated, an assessment made of the controls that are in place to reduce the risk and any other mitigating factors. The residual risk indicates the exposure arising from a specific risk after action has been taken to manage it and following an assessment that the action is effective.

Target Risk is the residual risk score we will aim to achieve based on the risk appetite statement agreed by board. Each risk on the strategic risk register will have an associated Risk Appetite Link indicating which of the six risk themes from the Risk Appetite Statement each risk corresponds to.

Target Risk Score	Key
Bold	20-25
Open	15-16
Balanced	10-12
Cautious	5-9
Averse	1-4

4.5.3 Risk Scores

All risks should be scored for likelihood and potential impact using the five-point scale and the descriptors below:

Impact	Score	Examples
Catastrophic	5	• Financial impact over £125k • Fatality or permanent disability • Business interruption of more than 2 weeks • A serious matter involving Regulatory intervention to protect the reputation of the wider sector
Major	4	• Financial impact £75k - £125k • Serious Health & Safety issue leading to HSE investigation • Business interruption of 1-2 weeks • Service disruption with high impact on customers, needing significant resources to rectify • Serious press criticism / reputational damage that impacts our commercial business, funding and/or ability to recruit staff
Moderate	3	• Financial impact £50k - £75k • Serious Health & Safety near miss or significant medical treatment, including short-term hospitalisation • Business interruption of 1-7 days • Regulatory breach leading to reprimand or sanction or prolonged, substantiated campaign that damages our reputation locally
Minor	2	• Financial impact £20k - £50k • Minor injury requiring medical treatment and some days lost • Service disruption for less than a day • Minor regulatory non-compliance • Headline article in local media or housing press, story substantiated that causes minor damage to CDS's reputation
Insignificant	1	• Financial impact under £20k • No or only minor personal injury. First aid needed but no days lost. • Minor / short-term service disruption • Criticism by individual stakeholder or minor, unsubstantiated article in local media or by residents' group

Probability	Score	Examples
Almost certain	5	• Likelihood greater than 95% • Very likely, expected to occur in most circumstances • Could be a history of regular occurrences, e.g. annual • Regarded as almost inevitable
Likely	4	• Likelihood between 65-95% • Strong possibility the event or risk will occur • No- or little-effective measures to reduce likelihood can be taken • Everyone with knowledge of issues in this area knows this could happen • Will probably occur in most circumstances • Likely to happen in next 5 years
Possible	3	• Likelihood 35-65% • Event might occur at some point • Could be a history of casual occurrence • Most of the team know the risk might occur • Measure taken to reduce likelihood but not fully effective • Possible to happen in next 5 years
Unlikely	2	• Likelihood 5-35% • Not expected, but possible it could occur at some point • Some of the team consider this risk might occur • Conditions exist for this risk to materialise • Probably requires more than two coincident events • Unlikely to happen in next 5 years
Rare	1	• Likelihood less than 5% • Highly unlikely, may occur in exceptional circumstances • Could happen, probably never will • No experience of a similar situation materialising • Probably requires three or more coincident events • If it has happened, sufficient controls are now in place • Rare to happen in next 5 years

The financial impacts set out in the table above relate to the potential financial impact to CDS funds. When it relates to client funds, any failure by our staff that resulted in a loss of client money would be something that CDS would need to cover and so the financial impacts limits for CDS would apply, as indicated above. Client financial losses that do not arise from action by our staff would not be CDS risks but client risks.

4.5.4 Implementing Risk Management Measures

Once the relevant risks have been identified, assessed and evaluated, the Risk Owner is responsible for implementing suitable measures to manage and mitigate the risk. Measures should be proportionate to the risk (i.e. actions should be focused on risks with a high likelihood, a substantial adverse impact or those that would cause loss of public and stakeholder confidence in CDS). Where a risk cannot be eliminated completely, consideration is needed of what will reduce the risk to an acceptable level.

4.5.5 Reviewing Effectiveness of Controls

Risk Owners are responsible for:

- Reviewing the effectiveness of the controls implemented to deal with risks in their area
- Making changes as required, including new and amended controls
- Reporting on the effectiveness of their risk controls and planned changes and improvements

4.6 REPORTING RISK

4.6.1 Risk Matrix – For each risk item, the Risk Owner will assess the risk score by assessing the likelihood of a risk occurring and its impact, using the matrix below:

Impact	Likelihood: Rare	Unlikely	Possible	Likely	Almost Certain
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5

Exposure	Key
Catastrophic	20-25
Major	15-16
Moderate	10-12
Minor	5-9
Insignificant	1-4

4.6.2 Risk Heat Mapping

High-Risk Register reports to the Finance, Audit & Risk Committee (quarterly) and the board (annually) include a heat map summary, grouping all high risk and strategic risk items on the

matrix in 4.6.1 by their overall risk score. Where the score for a high-risk item has changed since the previous report, the movement of the risk item is shown by an arrow.

4.6.3 Risk Registers

CDS will record all risks into the following risk registers:

Strategic Risk Register – Consisting of strategic risks and high-risk items (residual score above 10). Monitoring and control of risks with a score of 1-10 is delegated as appropriate by the Chief Executive. These risks are reviewed by the Senior Management Team as set out in **Appendix 1**.

Departmental (Operational) Risk Register – Each member of the Senior Management Team is responsible for a Departmental Risk Register that contributes to and supplements the strategic risk register (see 4.5.1 above).

Other Risk Registers – Before committing to any major development or I.T. projects, significant new business opportunities or anything of similar significance, we will undertake a specific risk appraisal. For complex projects a separate risk register may be developed.

The Risk Register template is shown at **Appendix 3**.

4.7 BUSINESS ASSURANCE

The board receives assurance on the main risks facing CDS from a variety of sources. This supports objective examination of evidence of effective governance, control and mitigation of risk. All risk register reports identify the relevant business assurances for each risk, as set out in 4.7.1, 4.7.2 and **Appendix 4**.

4.7.1 Internal Sources of Business Assurance

First Line Assurance – Operational: Uses established policies, processes, business-as-usual activities, system controls and operational records aligned to CDS's vision and values to create an environment in which competent people can operate. The assurance comes directly from those responsible for delivering specific objectives or operations, i.e. individuals who know the business, culture and day-to-day challenges. Refer to **Appendix 4** for examples.

Second Line Assurance – Corporate oversight: Establishes a series of checks and balances which verify continually that internal systems are working as intended. It is separate from those responsible for service delivery and more objective than first line assurance. This may include monitoring checks to determine that procedures are being followed across the organisation and can include oversight by committees and board. Second line assurance provides valuable insight into how well work is being carried out in line with set expectations and policy or regulatory considerations. Refer to **Appendix 4** for examples.

Third Line Assurance – Independent validation: This is provided by external sources and relies on independent validation, verification and advice and acts as the final level of assurance regarding the operational effectiveness of the first two lines. Independent validation can come from internal auditors, external auditors, consultants, regulatory bodies and effective tenant scrutiny. Refer to **Appendix 4** for examples.

Christina Friedenthal
Corporate Services Director
November 2024

Appendix 1 – Risk Management Actions Each Year

Subject	Action	Who	When
Internal Audit			
Internal audit programme	Review and agree	Finance, Audit & Risk Committee	February preceding
Internal audit reports	Review	Finance, Audit & Risk Committee	Each meeting
Actions arising from internal audit	Review	Finance, Audit & Risk Committee	Each meeting
Statement of internal controls	Prepare Review Review & approve	Chief Executive Finance, Audit & Risk Committee Board	For May FAR meeting At May FAR meeting At June board meeting
Internal audit Annual Statement on Internal Controls	Prepare Review Review	Internal auditors Finance, Audit & Risk Committee Board	For May FAR meeting At May FAR meeting At June board meeting

Subject	Action	Who	When
Risk Register			
Internal Controls Statement quarterly return	Review	Senior Management Team	Quarterly
High risks (risk score 11-25) and strategic risks	Review	Senior Management Team Finance, Audit & Risk Board	Monthly Quarterly (at each meeting) Annually (December)
Operational risks (risk score 1-10)	Review	Senior Management Team	Monthly

	Risk Theme	**Averse** *Avoidance of risk and uncertainty is a key organisational objective regardless of the potential for reward.*	**Cautious** *Preference for very safe options that are low-risk and have a potential for limited reward.*	**Balanced** *Preference for safe options balanced with acceptance of some risk to achieve a modest reward, including growth or improvement.*	**Open** *Willing to consider all potential options and choose the one most likely to result in successful delivery of growth and social impact.*	**Bold** *Eager to be innovative and to choose options offering potentially higher rewards, such as growth and social value, despite greater inherent risk.*	Notes
1	**Compliance & Regulation** Compliance with statutes, RSH regulatory standards and approach to health & safety	Exceed compliance thresholds in all areas possible, regardless of cost. Independent advice sought and followed on all matters of doubt or ambiguity. Zero tolerance for non-compliance.	Exceed compliance thresholds where possible. Independent opinion sought where needed.	Meet compliance thresholds. Independent opinion sought where needed. Check, Plan, Do, Act culture embedded in all compliance work. Measured or partial solutions will be pursued where this in the organisation's best interest. Tolerate short-term non-compliance where we can evidence all reasonable effort.	Comply at minimum possible threshold. Take corrective action if challenged and evidence learning. Defend or settle on commercial terms if prosecuted.	Manage according to penalties imposed for non-compliance. Prosecuting action defended or settled on a commercial basis.	
2	**Treasury, Funding & Income** Debt facilities, income, available cash and debt structures	Ultra-safe buffer limits for liquidity, golden rules and covenant headroom. No new borrowing. Surpluses are used to reduce debt.	Robust buffer limits for liquidity, golden rules and financial covenant headroom, minimal new borrowing. Simple financial arrangements. Surpluses used to finance some new projects but also to reduce debt.	Buffer limits for liquidity, golden rules and covenant headroom rarely used. Surpluses used for new projects and enhancement of existing homes. Limited new borrowing. More fixed debt than variable. Longer term financing arrangements preferred.	Adequate buffer limits for liquidity, golden rules and covenant headroom, short periods of operating within buffer zone are tolerated. Open to more innovative financial structures. Borrowing for growth. Balance of short-term and long-term financial arrangements.	Prepared to operate close to the limits of our available liquidity and covenants. Actively seek innovative financial arrangements if there are clear benefits. Major borrowing programme. Prepared to accept the risk of significant short-term financing.	

3	**Growth & Diversification** Growth of community led housing, growth of stock or diversification into new commercial endeavours that generate income, to meet our purpose and vision	No development or stock acquisition. No new clients. No community led housing growth. No new commercial endeavours.	Occasional small scheme acquisition where it fits with our mission, helps a CLH scheme that needs an RP and keeps us under 1,000 social housing units, where they are in areas where we already have stock. Consider new housing co-op client work when we are directly approached, where they are in our existing service areas. Limited use of Promoter budget. Only consider new, financially safe commercial endeavours where it fits within our operation and our existing staff have the required skills to manage it.	New acquisition where it fits with our mission keeps us under 1,000 social housing units. Open to new co-op and community led client opportunities to the extent we have the capacity. Use the existing Promoter budget to support CLH growth that CDS has identified and can become income generating for CDS. Consider new commercial endeavours that have a good potential of increasing our surplus.	Active growth strategy across all three strands of the business, with an intention to remain a small provider with fewer than 1,000 social housing units. Actively seek to grow client business, including the potential to extend beyond services to co-ops and community led clients. Increase Promoter budget to support the growth of community led housing, without an expectation of direct CDS benefit in future. Actively consider potential income generating ventures beyond core business if they meet our purpose and vision.	Strong commitment to growth and developing new homes including the potential for taking development risk. Willingness to grow beyond 1,000 social housing units. Relentlessly seek to take on new clients of all types. This could include those with poor governance and/or performance who may be considered risky. Widely advertised Promoter budget to fund CLH initiatives with grants outside of CDS workstreams. Particular interest in growth outside of core business even if financial returns are speculative.	**Remain streamlined: Grow, but don't get too complex**
4	**Customer Service and Engagement** Residents living in low-cost rental accommodation, management committees of client co-operatives, CLH Growth clients	Service levels based on a clearly defined and agreed contractual relationship with our customers based on the tenancy agreement, lease, management agreement, etc. Basic compliance with regulatory standards and legislative requirements (tenant satisfaction measures). Work with clients is standardised to provide a reliable but generic service. No pursuance of good practice/innovation.	Seek to deliver some services to a higher standard than regulatory/statutory minimums where this is identified as a priority by customers and/or there are operational efficiencies to be gained and associated risks are low. Consider bespoke arrangements with clients where we can do it successfully and effectively in order to meet the needs of clients whilst at least breaking even financially. Some external benchmarking to adopt best practice.	Service levels are based on customer feedback and priorities and small budgets are allocated to support the priorities of local residents on their estates. Management agreements can be modified, where practical, to meet the needs and priorities of clients. Some external benchmarking to adopt best practice.	Service levels change in response to proactive engagement with residents and the use of customer insight and data and where possible. Trial aspects of community led housing management on an estate. Local improvements to estates based on resident feedback. Management agreements share a common skeleton but can be tailored to suit the client priorities. Culture of continuous improvement and higher external profile regarding best practice and innovation.	Services are innovative, exceed the regulatory standards and aim to be best in sector. Community led principles guide our approach to housing management on all our estates. Management agreements are designed to suit the unique needs of each client. Continuous improvement, customer satisfaction and ease of access to services are prioritised ahead of cost considerations.	**Consider moving to bold in longer-term.**

5	**People** Recruitment, retention and development of employees	Maintain current structure. Priority to maintain close management control and oversight. Strong culture of working within defined parameters. People recruited to maintain cultural and structural stability.	Open to small tweaks to current structure. Decision-making authority held by senior management. Well defined and embedded parameters and behaviours. Recruitment has a strong focus aligning people to values and behaviours and required skills.	Open to some changes in structure if there is a strong business case to support it. Well-developed training programme in place to facilitate career growth. Decision-making authority generally held by senior management and heads of service. Well defined and embedded CDS values and behaviour. Recruitment is balanced between behaviour and potential skill set. Supportive of performance management with the aim of helping staff succeed. Maintain our current reasonably agile and flexible working practices.	Supportive of significant structural changes in one area of the business to achieve business objectives, even if this means short-term cost and upheaval. Prepared to invest in people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved. Recruitment has a heavy focus on potential. Supportive of managing under-performers out of the business. Open to stretching ourselves to offer more agile and flexible ways of working, where it suits business requirements.	Supportive of significant structural changes in all areas of the business to achieve business objectives, even if this means short-term cost and upheaval. Innovation pursued and willingness to challenge current working practices. High levels of devolved authority – management by trust. Recruitment is solely focused on energy, attitude and potential. Low tolerance for poor performance and work toward employing only high-performing staff. Committed to being a modern employer with best-in-sector benefits and agile/flexible working arrangements for all staff.	**Keep strongly embedded CDS values. Support under-performers to improve. Recruit for potential and ensure agile working suits the business.**
6	**Technology & Business Continuity** Information, communication systems, software and internet. Business Continuity and Disaster Recovery arrangements.	Systems serve basic service requirements, highly cautious approach to investment in new technology. Significant sums spent on maintaining security with best-in-class protection systems installed and in-depth penetration testing undertaken. Aim to have the highest possible protection available with third party validation/certification.	New technology introduced when the benefit of doing so is beyond reasonable doubt (i.e. to protect current operations and where there would be limited business disruption). Multiple cyber security measures are in place. Incident response planning and testing is carried out frequently. Business Continuity is state of the art and allows 24/7 access to all service.	Systems follow changing technology expectations of customers. Investment in established/mature systems and technology improvements, reflecting evolutionary change. Some disruption during implementation is tolerated. Multiple cyber security measures are in place. Incident response planning and testing is carried out annually and may involve third party support. Business Continuity is integrated with agile working solutions.	Systems anticipate the technology expectations of customers. Investment reflects some innovate requirements and an acceptance of the risk of business disruption during implementation. Investment to mitigate against cyber security threats meets insurance requirements with occasional response planning exercises. Business Continuity enables business as usual through remote/home working.	Appetite for investing in new and cutting-edge technology, including AI. Acceptance of risk of significant business disruption whilst seeking new ways of using technology with longer-term gains in mind. Openness to using technology to reduce headcount. Investment to mitigate against cyber security threats limited to meeting insurance requirements. Business Continuity enables some access to systems through remote/home working or back-up office locations.	**Mitigate business disruption. Don't fall behind.**

Appendix 3 – Risk Register Template

Risk No.	Corporate Plan Link Source Risk appetite link	Risk description and effects	Inherent likelihood	Inherent Impact	Risk Score - Inherent	Risk Owner	Existing Mitigations	1st Line Assurance (Management Controls & Reporting)	2nd Line Assurance (Operational Oversight / Governance)	3rd Line Assurance (Independent / External)	Residual Impact	Residual Likelihood	Residual Risk Score	Target Risk Score	Further actions to reduce risks; timetable and person responsible

Appendix 4 – Business Assurance Lines

1st line	2nd line	3rd line
Management / Operational Control & Reporting	**Corporate Oversight / Governance**	**Independent / External Validation**
WHO: Front line staff and line managers, those involved in day-to-day operational activities. **WHAT**: Follow risk management processes, apply internal controls and risk responses, ensure staff are appropriately trained, ensure roles re: risk are clear, set clear objectives, report and escalate to line manager. **EXAMPLES**: Management review Policies System controls Procedures Staff management / training / objectives Customer feedback / surveys / complaints Beacon workflow authorisation Team compliance checks Management account preparation & review	**WHO**: Oversight functions such as finance, HR, quality, performance, governance, compliance, assurance, IT, security, health and safety and risk management. **WHAT**: Oversee and challenge risk management processes, review 1st line, develop risk management policies and procedures, seek assurance, report and escalate to SMT / board. **EXAMPLES**: Senior Management Team Policies Key Performance Indicators (KPIs) Corporate Plan monitoring Complaints review Stress testing Task & finish groups Corporate compliance reporting Management account report to SMT & FAR	**WHO**: Internal audit, external audit, other external auditors such as legal, treasury and valuers, specialist health checks & deep dives, benchmarking, regulation. **WHAT**: Judgement re: levels of assurance, review 1st and 2nd lines for design and operation, provide independent and objective challenge, bring fresh pair of eyes, report to SMT / FAR / board. **EXAMPLES**: Board of Management Task & finish groups, committees Internal audit External audit Regulatory standards – RSH Benchmarking e.g. Housemark Health & safety consultant Industry best practice