



Risk Framework

Contents

1. Purpose of this document	2
2. Strategy for Risk Management	2
3. Underlying approach to risk management	3
4. Role of the Group Board	3
5. Role of the Subsidiary Boards, Treasury, Audit and Risk sub committees	3
6. Role of the Executive team.....	4
7. Risk management as part of the system of internal control	4
8. Risk Identification	4
9. Health & Safety Risk Assessments	4
10. Evaluation and classification	5
11. Risk Register.....	6
12. Development Risk Appraisal (DRA)-Chrysalis Supported Association.....	7
13. Risk as Part of a Balanced Scorecard.....	8

Within the Group, there is:

- A private Non-Profit Registered Social Landlord (RSL), regulated and registered by the Regulator of Social Housing and the Financial Conduct Authority, providing specialist supported homes and related services to vulnerable people across England & Wales.
- A Charitable Incorporated Organisation (CIO), Opoka, regulated and registered by the Charities Commission, that supports Polish women and children escaping domestic abuse, helping them establish their recoveries and build new lives free from the threat of abuse.
- A Community Interest Company (CIC), The Compass Project 2012, an addiction recovery-driven project offering a range of support services, providing a pragmatic solution to those recovering from addiction by giving direct interpersonal peer mentorship, counselling, group support, and structured supported homes, alongside a variety of work and retail-based training opportunities.
- A specialist commercial investment, consultancy and property management company, Touchstone Development & Investments Ltd, that supports the wider strategy and property management requirements of the Group.
- A commercial cabinetry and furniture manufacturing company, Blackfields Furniture, offering both internal and external services, adding value within the group.

It is therefore essential that the Governance Framework used within the Group is fit for all of the entities and their stakeholders, recognising the regulatory requirements and specific needs of each organisation within the group. It is also essential that, as service users may access services of more than one organisation within the group, policies and procedures, wherever possible, are consistently applied across the group, that staff are trained using the same guidelines, and that proper information sharing protocols are in place.

For this reason, it has been agreed that all governance-based policies are group-wide but will apply to all entities within the group to meet our mission:

To safeguard and promote the well-being of our service users and communities across the UK, providing appropriately designed high-quality, good-value, sustainable services and homes, demonstrating that all activities through the group can underpin our commitment to deliver for social good whilst being underpinned by a sound commercial ethos.

1. Purpose of this document

- 1.1. This risk management policy forms part of the group's internal control and corporate governance arrangements.
- 1.2. This policy explains the group's underlying approach to risk management, and documents the roles and responsibilities of the senior management team, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

2. Strategy for Risk Management

Our strategic aims are:

- 2.1. To engender a culture of the identification and management of risk
- 2.2. To identify and evaluate the risks facing the organisation
- 2.3. To eliminate or reduce to an acceptable level all risks which may adversely affect:
 - 2.3.1. The quality of housing, care, support, advice and other services provided
 - 2.3.2. The ability of the group companies to provide services

- 2.3.3. The health, safety and welfare of service users, the public and staff
- 2.3.4. The ability of the group to meet its contractual and statutory commitments
- 2.3.5. The ability to meet all regulatory requirements
- 2.4. To develop a relationship with other organisations to engender trust and the sharing of incident/near miss data to share the learning from such incidents.
- 2.5. To develop a seamless approach to Corporate Governance across the group.
- 2.6. To develop the capacity to learn from failures and improve practice to reduce the risk of repetition.
- 2.7. To ensure that risk management is an integral part of the group culture.
- 2.8. To ensure that management and employees are accountable for risk management through individual and team-based performance management objectives.
- 2.9. To foster an environment of continuous improvement through self-assessment.
- 2.10. To develop the capacity to identify, assess and prioritise risks, as well as to create actions to reduce risks in a decisive and timely manner.
- 2.11. To identify, acknowledge and harness pockets of excellence as a basis of managing risks effectively.
- 2.12. To develop a comprehensive risk management training programme for staff at all levels, within all group company's and in all disciplines

3. Underlying approach to risk management

3.1. The following key principles outline the organisation's approach to risk management and internal control:

- 3.1.1. the board has responsibility for overseeing risk management within the organisation as a whole
- 3.1.2. the organisation encourages awareness and internal disclosure of the financial and non-financial implications of risks
- 3.1.3. subsidiary directors, project and department managers are responsible for encouraging good risk management practice within their areas
- 3.1.4. key risk indicators will be identified and closely monitored on a regular basis
- 3.1.5. a framework of risk identification and assessment will be developed which is embedded into roles, activities and processes throughout the organisation
- 3.1.6. the risk identification and assessment framework will be developed and sustained through communication with staff throughout the organisation.
- 3.1.7. any material risks that put service provision or end users at risk are removed if possible and managed closely if not

4. Role of the Group Board

- 4.1. Set the tone and influence the culture of risk management within the organisation. This includes:
 - 4.1.1. determining what types of risk are acceptable and which are not
 - 4.1.2. assessing the appropriate degree of risk that is acceptable on any relevant individual issue
- 4.2. Approve major decisions affecting the organisation's risk profile or exposure.
- 4.3. Review the risk management of risks identified on the risk register

5. Role of the Subsidiary Boards, Treasury, Audit and Risk sub committees

- 5.1. Scrutinise risks on the risk registers and the action being undertaken to reduce risk

- 5.2. Advise the main board on issues identified and recommend further actions.
- 5.3. Undertake an annual review of effectiveness of the system of internal control and the organisation's approach to risk management to make improvements to key elements of the processes.

6. Role of the Executive team

- 6.1. Compile a risk register report to facilitate the identification, assessment and ongoing monitoring of risks significant to their organisation.
- 6.2. Implement policies on risk management and internal control.
- 6.3. Identify and evaluate the significant risks faced by their organisation for consideration

7. Risk management as part of the system of internal control

- 7.1. The Group Board, having established a risk management policy and supporting processes continues to review and develop procedures in the area of risk management and internal control.
- 7.2. The Executive team and subsidiary boards are responsible for the system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objects and can only provide reasonable and not absolute assurance against material misstatement or loss.
- 7.3. The Board and Board committees will be responsible for ongoing monitoring of significant risks and for reviewing improvement actions and risk indicators. They will also be responsible for monitoring progress towards meeting strategic objectives.
- 7.4. The Executive team will develop a framework of risk identification and assessment, which will be communicated to all staff, embedded in business processes and responsive to evolving risks.

8. Risk Identification

- 8.1. The Executive team and subsidiary boards should evaluate potential risks on a daily basis and material ongoing risks should be added to the risk register
- 8.2. Internal audits, non-conformances and risk assessments should highlight any risks identified through the processes to be fed back to the responsible manager
- 8.3. Project management should also focus on identifying potential risks to be managed as part of the project management process
- 8.4. Strategic and operational planning as well as board and management reporting should include risk evaluation of environment, recommendations and objectives
- 8.5. All staff should be encouraged to report potential risks to their manager

9. Health & Safety Risk Assessments

- 9.1. A risk assessment is to protect workers and the business, as well as complying with the law. It focuses on the risks that really matter in your workplace with the potential to cause harm and protect people as far as is 'reasonably practicable'.
- 9.2. A risk assessment is undertaken to determine what, work activities could cause harm to people, so that you can weigh up whether we have taken enough precautions or should do more to prevent harm.
- 9.3. Workers and others have a right to be protected from harm caused by a failure to take reasonable control measures.

9.4. We are legally required to assess the risks in your workplace so that you put in place a plan to control the risks.

9.5. There are five steps to risk assessment:

- 9.5.1. Identify the hazard
- 9.5.2. Decide who might be harmed and how
- 9.5.3. Evaluate the risks
- 9.5.4. Record and implement your findings
- 9.5.5. Review your assessment

9.6. 'A Hazard is a potential source of harm or adverse health effect on a person or persons such as a spill of water in a room then that water would present a slipping hazard to persons passing through it.

9.7. We look at the effect of the hazard and the probability of harm occurring because of the hazard, these are given a standard score which are multiplied giving a risk score. From the risk score we are able to describe a risk factor that details the risk from the hazards.

10. Evaluation and classification

10.1. Every identified risk should be rated on a scale of 1-5 (1=lowest, 5=highest) or 1-6 for Health and Safety against two key measures:

- 10.1.1. The likelihood of the risk occurring
- 10.1.2. The impact if the risk should occur

10.2. Each risk is then given a risk score, which is calculated by multiplying the impact rating by the likelihood rating. The risk can then be allocated a status of Red, Amber, or Green where risk scores are high as Red, those with a middling score are Amber and those with low scores less are Green. This is shown on the evaluation grid shown below.

The table below shows the scoring of general risks:

		IMPACT				
L I K E L I H O O D		5	4	3	2	1
	5	R	R	R	A	A
	4	R	R	A	A	G
	3	R	A	A	A	G
	2	A	A	A	G	G
	1	A	G	G	G	G

11. Risk Register

11.1. The analysis of risks is recorded in a risk register sheet by company and allocated to one or more of the following four risk types:

- 11.1.1. Financial
- 11.1.2. Strategic
- 11.1.3. Operational
- 11.1.4. Compliance

11.2. When identifying risks, the impact of the risk needs to be considered against the four risk types. E.g.:

- 11.2.1. Financial; What is the impact on financial results? What will be the impact on income or costs?
- 11.2.2. Strategic; what is the impact on ability to deliver vision, mission or strategic objectives? What is the impact on future ability to deliver strategy?
- 11.2.3. Operational; What is the impact of delivering activities? What is the impact on the tenants, service users or other stakeholders?
- 11.2.4. Compliance; Does the impact compromise your ability to meet legal or regulatory requirements? Is the impact contrary to good practice, as opposed to legal or regulatory compliance?
- 11.3. Group risks that affect all group companies are collated on a group sheet and managed by the Executive team across the group. This register of risks are considered part of the risk register of each individual company.
- 11.4. When a risk no longer exists, it is moved to Archived Risks in the same workbook
- 11.5. Actions are allocated to the appropriate senior staff member and followed up by the Executive team on a monthly basis

12. Development Risk Appraisal (DRA)-Chrysalis Supported Association

- 12.1. The purpose of the DRA is to assess the risk associated with each housing scheme that is presented to Chrysalis Supported Association. The outcome of the DRA will determine whether we progress contractually with the scheme.
- 12.2. The process has been created to record details regarding the Developer and Investor, type of tenure and liabilities, whilst ensuring that all aspects of risk are considered, mitigated where possible and evidenced.
- 12.3. The DRA considers the following areas of risk:-

Potential Conflicts

- 12.3.1. Identify if any parties are connected or have interest in the transaction. If conflicts exist, consider how these are managed.

Rent Levels

- 12.3.2. Consider the weekly/annual rent liability and the financial risks this presents to Chrysalis.

Heads of Terms

- 12.3.3. Ensuring that financial and contractual terms of business have been agreed between the property developer and Chrysalis.

Care Provider

- 12.3.4. Review of care provider accounts void history, CQC rating and financial performance over the last 3 years.
- 12.3.5. If CQC rating below 'GOOD', care providers action plan to address issues/concerns to be reviewed, discussed and agreed.

Commissioner Support

- 12.3.6. Can/how can commissioner support and local demand for the scheme be evidenced?

Length and Terms of SLA/Nominations Agreement

- 12.3.7. Consider strength and security that the agreement provides; duration, void payment/liability, rent level protections and options to break/terminate.

Lease Length and Terms

- 12.3.8. Consider financial and operational risk; duration, reporting obligations, liabilities and options to break/terminate.

Property Configuration and Repurposing Opportunities

- 12.3.9. Consider property configuration, room sizes, garden spaces, location etc including opportunities to repurpose the property in the future for varying client groups/tenure.

Disaster Scenarios and Possible Actions/Outcomes

- 12.3.10. Consider what the overall risks are and how can/if these can be mitigated.
- 12.3.11. Each area of identified risk will be measured using a 'Scoring' system that is in line with the Chrysalis 'Risk Register' to ensure all organisational risks are identified and measured using the same approach.
- 12.3.12. In addition to this, for ease of reference, risks are further identified using a 'Red, Amber, Green (RAG)' system.
- 12.3.13. Please see below clarification on these measures/identifiers.
- 12.4. The initial assessment of the scheme, prior to entering into the lease will be based on the risk at the time of review.

13. Risk as Part of a Balanced Scorecard

- 13.1. A Balanced Scorecard by property is created to evaluate property related risk and success factors.
- 13.2. Acceptable levels for each property risk are set and the results monitored at least annually.

Related documents

CRF01	Risk Register