

Appendix 7.4 - Strategic Risk Register

Strategic Risk	Sub-risk	Initial Rating (IxP)	Controls	Residual Risk	Reference to Business Plan (as applicable)	Indicators/ Outcome/ Monitoring/ Reporting/ Relevant KPI
1. Financial Risk/Failure	1.1 Increased organisational debt/ draw down on existing reserves to meet recurrent/ project/ capital expenditure	4x4=16	Existing budgets and expenditure approval requirements accurately set and monitored; budget variance reports produced regularly and review processes set. All development projects are subject to a detailed financial scrutiny and double Finance Team sign off process.	4x1=4		Management Accounts; loan covenant compliance
	1.2 Long term bank or other debt funding is not available	3x4=12	Link maintains a strong financial position to maintain a high level of committed facilities in accordance with the policy	3x1=3		Market intelligence; use of treasury advisors
	1.3 Financial loss due to unfavourable changes to the benefits system and Welfare Reform, including the implementation of the new Universal credit regime; rents become unaffordable to tenants	4x3=12	Monitor arrears regularly Legal action taken when required; continued dialogue with HB and DWP, staff training; publicise changes and increased personal contact with tenants; invest in tenancy support and financial maximisation services for tenants and training/ IT for housing staff, annual review and progress on Welfare Reform Action Plan and Risk register.	4x1=4		Arrears KPI; Revenue Budget Variance report
	1.4 The financial position deteriorates significantly giving rise to potential defaults on loan covenants	4x3 = 12	Regular monitoring of financial performance to budget discipline is practised. Regular testing and sensitivity analysis takes place and early mitigating actions implemented where appropriate.	4x1=4		Budget variance reports; sensitivity analysis results.
	1.5 Major fraud (including cyber crime)	4x4=16	Recruitment procedures involve rigorous integrity checking. Financial procedures and controls reviewed regularly; Budget monitoring and reporting; internal and external audit review. Budgetary control, procurement and invoice authorisation processes are designed to ensure Link could not pay for goods not supplied. Checks are made on any payment request detail changes (e.g. notification of bank account charge by supplier) to ensure their requests are genuine. Robust access controls and annual system testing;Accountability to be further enhanced via upcoming critical system log collation and preservation solution to be delivered in 2021.	4x1=4		Internal & external audit reports

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2. Deterioration of reputation	2.1 Defamatory public comments made by employees, former employees or other stakeholders.	3x3 = 9	Social media monitored, conventional media followed regular engagement with tenants and tenant groups (eg tenant scrutiny panel)	3x2 = 6		KPI, quarterly complaints and compliments. Adverse communications highlighted direct to CEO. Engagement strategy implementation and results monitored Annual/semi annual Board/TSP meetings.
3. Health & Safety risk/ failure	3.1 Failure to safeguard vulnerable tenants and service users from harm through the services Link staff provide as required by legislation.	4x2=8	Link complies with safer recruitment practices and legislation as appropriate to the service being provided. Policies are in place for managing the Disclosure Scotland and SSSC compliance for services to vulnerable people across Scotland. The Care Inspectorate undertakes regular audits of services which includes the recruitment process. The Duty to Refer processes are embedded in the employee relations governance and overseen by HR Business Partners.	4x1=4		Care Inspectorate reports
	3.2 Poor Legionella risk management, policy, procedures, monitoring and reporting.	4x4=16	Adherence to existing Policy, Written Scheme and procedures; undertaking Control Scheme measures, reporting of performance and monitoring. Utilisation of subject appropriate "database" to manage Legionella stock data and programme.	4x1=4		Internal reporting to Hsg Mgt
	3.3 Gas - poor servicing programmes, procedures, monitoring and reporting.	4x4=16	Adherence to existing programmes, Policy and procedures; reporting of performance and ensuring annual services are achieved by anniversary date. Introduction of system generated processes. Increase data collection on contractor's performance. Contractor performance spot checks by external consultant.	4x1=4		Gas safety KPI reported to LGB
	3.4 Service user, member of staff or member of the public is harmed (includes financial exploitation).	4x2=8	Staff recruited in line with safe recruitment practices and trained in safeguarding policies, procedures, practices. Regulatory compliance/inspections. Support and Supervision. Service audits in line with Quality Assurance Frameworks.	4x1=4		Internal reporting to GLT
4. Governance risk/failure	4.2 Deterioration in Staff Morale	2x3=6	Investors In People; Great Places to Work, Investors in Diversity, Healthy Working Lives accreditation. Culture of openness and consultation; staff surveys. Attractive employment package.	2x2=4		GLT scrutiny through reporting

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	4.3 Lack of succession planning	3x3=9	Operational succession has been assessed, and gap areas can be 'plugged' for a period of up to 6 months. There is a noted risk of continued turnover across the senior management and managers grouping due to the age profile. Board succession to be addressed via Succession Plan and reviewed on an annual basis.	3x2=6		Senior staff turnover; Internal audit reports
	4.4 Non-compliance with GDPR legislation	4x2=8	Policies, guidance, toolkit and training available to all employees, volunteers and Board members.	4x1=4		reportable incidents to DHR&BS, KPIs to LGB & GLT
	4.4(a) WHHA non-compliance with aspects of GDPR legislation	4x2=8	Roles/responsibilities, procedures, reviews and monitoring regimes put in place.	4x1=4		reportable incidents to DHR&BS, KPIs to LGB & GLT
	4.5 Non-compliance with Freedom of Information Act	4x2=8	Policies, processes, training and staff dedicated to ensure compliance.	4x1=4		reportable incidents to DHR&BS, KPIs to LGB & GLT
	4.6 Non-compliance with SHR's regulatory framework	4x2=8	Submission of all returns on time, regulatory standards self assessment and compliance with engagement plan.	4x1=4		Board approval of regulatory returns
	4.7 Failure to comply with SPSO and First Tier Property Tribunal complaints requirements. Risk of legal action/compensation costs and reputational risk of a significant performance failure.	4x2=8	Verification exercises and self-assessment to identify noncompliance or weaknesses in practice. Quarterly analysis to Board and SLT.	4x1=4		Legal action against Link; complaints KPI
	4.8 Failure to comply with provisions of Housing (Scotland) Act 2014	4x4=16	Policies in place and reviewed regularly. Ongoing staff training of new procedures. Staff hold or working towards CIH qualification	4x1=4		Internal audit reports
	4.9 The organisation experiences one of the governance failures which have arisen in regulatory intervention cases	4x3 = 12	Ensure that all the governance failures highlighted by the SHR are understood and wherever possible mitigating actions are implemented and/or early warnings indicators are put in place.	4x1=4		Annual self assessment of compliance with regulatory and financial standards.
	4.10 Non-compliance with EU and Scottish procurement rules and procurement good practice	3x2=6	Asset Manager with requisite skills recruited; Procurement Hub; Training; Toolkits; Specialist Advice	3x1=3		Internal audit reports

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	4.11 Failure to demonstrate Link's financial performance to the satisfaction of Link's funders	4x4=16	Experienced staff keep abreast of legislative changes; engage in discussions with funders at the earliest opportunity to negotiate acceptable performance measurement and reporting mechanisms (should accounting changes impact on covenant compliance)	4x1=4		Negative feedback/reminder from lenders for information
	4.12 Lack of Strategic Planning	3x3=9	Business planning/strategy days/ Budgets/ Monitoring/ Reporting to SMG, LHB & LGB	3x1=3		Board involvement and Business Plan approval
	4.13 Failure in Management & Leadership	3x3=9	Training and development/ Staff rewards & competitive benefits	3x2=6		Staff turnover
	4.14 Growth of Link Group's portfolio of activities without appropriate cost and resource assessment/ due diligence	3x3=9	Co-ordinate meetings with prospective partners and produce a business case for each proposal with GLT & LGB. Seek Board approval prior to commencement or expenditure.	3x2=6		Business case to GLT
5. Digital services risk/failure	5.1 Major loss of IT service / cyber attack	4x4=16	Heuristic endpoint and server protection software combined with firewalls on all endpoints on the network. Patching policy compliant with Cyber Essentials. Office365 security package standard for all accounts. Office365 multifactor authentication mandatory for all accounts. Security awareness training delivered annually and at induction. Security controls compliant with Cyber Essentials. Boundary protection via externally managed unified threat management device. All critical systems are subject to grey box penetration testing annually and after a substantial change. A Digital Services Disaster Recovery Plan, reviewed and tested at least annually, which is supported by 3rd party support contracts (e.g. Bridgeall, Nettitude).	4x1=4		Digital services reporting to BIT/GLT
6. Service risk/failure	6.1 Failure to deliver good quality Reactive and Voids Repairs Service	4x2=8	Review Meetings; Daily, Weekly & Monthly monitoring of Link Property performance (and of their specialist sub contractors by them); Formal reporting and KPIs for Link Property and subcontractors to Director and Board(s) ISO 9001 accreditation achieved.	4x1=4		Repairs KPIs included – satisfaction, length of time for emergencies and non-emergencies
	6.2 Severe Weather / Major Disaster	3x2=6	Disaster Recovery Plan and business continuity plan in place/Telephone tree system/staff to operate from office nearest to home/work from home	3x1=3		Evaluation of effectiveness of Disaster Recovery Plan

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	6.3 Sickness Epidemic /Pandemic	3x2=6	Invoking disaster recovery plan; ensuring health protocols are communicated and followed; ensure staff welfare support and enhanced communication to all stakeholders	3x1=3		Evaluation of effectiveness of Disaster Recovery Plan
	6.4 Tenant perception of value for money remains low	2x4=8	Maintain consultations with tenants. Involvement of Tenant Scrutiny Panel/benchmarking/tenant communication/Collection of data through customer satisfaction surveys/ annual tenancy visits and more widely across other business areas. Monitor tenant and owner satisfaction with landscaping and close cleaning contracts and implement robust contract management procedures.	1x4=4		Customer satisfaction surveys