Sanctuary Group

Title: **Risk Management Approach**

Business Function: **All Functions across Sanctuary Group**

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Authorised by: **Executive Committee**

CONTENT

General Information

1.   Objective of this approach

1.1   This approach sets out the process by which the key risks to the Sanctuary Group (the Group) and the operations or subsidiaries of the Group, are identified, analysed, managed and reported.

2.   Legislative/Regulatory context

2.1   The Homes and Communities Agency's, "Governance and Financial Viability Standard" (2015), requires:

- "1.1 ….. Governance arrangements shall ensure registered providers: …. (e) have an effective risk management and internal controls assurance framework,
- "2.4 Registered providers shall ensure that they have an appropriate, robust and prudent business planning, risk and control framework."
- "2.5 ….. registered providers shall assess, manage and where appropriate address risks to ensure the long term viability of the registered provider."

3.   Responsibilities for implementation

3.1   Group Board is responsible for ensuring an effective system of internal control which includes the risk management framework.

3.2   Group Audit and Risk Committee conduct scrutiny of the risk management framework on behalf of Group Board. The Group's risk maps are reviewed and feedback provided by Group Audit and Risk Committee. Changes to risk management methodology are approved by Group Audit and Risk Committee.

3.3   The Executive is responsible for implementing the risk management policy ensuring that day-to-day risks are managed. The Group's risk culture is sponsored and embedded by the Executive.

3.4   Subsidiary Boards are responsible for ensuring compliance with the Group's system of internal control which will include the risk management framework.

3.5   Group Directors, Directors and Heads of Services are responsible for ensuring that all aspects of the Risk Management Policy are properly applied.

3.6   Corporate Risk is responsible for developing, promoting and supporting the risk management framework across the Group.

3.7   Managers are responsible for implementing and promoting risk management locally, including the role of staff in identifying and communicating new risks and changes to existing risks.

3.8   Group staff are responsible for reporting new or changing risks to managers.

4.   Definitions

4.1   The following definitions aim to support the user's understanding of this
       approach.

Risk	Risk can be defined as the uncertainty of outcome of an event, arising from the combination of the probability of an event and its consequences. In terms of this approach, "risk" is considered as an uncertain future event that could influence the achievement of the Group's strategic, operational and financial objectives.
Risk Management	The Institute of Risk Management defines risk management as the process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of an organisation's success and reducing the likelihood of failure.
Risk Assessment	Risk assessment is a process that is, in turn, made up of three processes: risk identification, risk analysis, and risk evaluation. Risk identification is a process that is used to find, recognize, and describe the risks that could affect the achievement of objectives. Risk analysis is a process that is used to understand the nature, sources, and causes of the risks identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist. Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.
Control	A control is any measure or action that modifies risk. Controls include any policy, approach, practice, process, technology, technique, method, or device that modifies or manages risk. Risk treatments become controls, or modify existing controls, once they have been implemented.
Assurance	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization.

Detailed Approach

1.   The Risk Management Process

1.1   The risk management process is a continual process and is designed to ensure
       that within the context of the Group as a diversified organisation operating in
       dynamic marketplaces:

- risks are proactively identified and managed, and
- the efficacy of controls is demonstrated via assurance sources.

2. Risk Maps, Assurance Maps and Heat Maps

2.1 A risk map is a register of risks that are relevant to a business, operation or the overall Group and of a significance requiring that the risks are identified, managed and monitored at a level of senior management or above. The risk maps identify the controls deployed in managing or treating the risk.

2.2 An assurance map is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect.

2.3 Heat maps contain a summary of the risks within the risk maps and are included with board papers to support decision making and enable board members to discuss whether any risks need revising in light of decisions taken at the meeting.

2.4 A schedule of risk and assurance maps regarded as mandatory, together with the person responsible, is maintained by Corporate Risk and published on the Corporate Risk pages on Solis. The schedule is updated by Corporate Risk to incorporate changes to the Group's businesses, structure or operations.

2.5 Corporate Risk maintains a directory of current risk, assurance and heat maps that are available to staff.

2.6 In addition to the mandatory risk and assurance maps, managers and staff may be required to maintain risk and assurance maps for significant individual events or projects.

3. Treat Risks

3.1 The treatment of risks is described in ISO 31000, (a standard on the implementation of risk management), as the activity of selecting and implementing appropriate control measures to modify the risk.

3.2 Businesses and operations are required to identify risk treatments that are appropriate to managing the risks recognised in the risk map. Risk treatments must be efficient and effective and appropriate to the level of risk identified.

3.3 In identifying appropriate treatments to be deployed, businesses and operations must consider the cost-effectiveness of the control against the effectiveness of reducing and managing the risk.

3.4 Corporate Risk maintains guidance and commentary on types of risk treatments on the Corporate Risk pages on Solis

4.   Monitor and Review / Communicate and Consult

4.1   Each business or operation is responsible for identifying a member of staff, (risk co-ordinator), who maintains the risk, assurance and heat maps and is a point of contact for matters of risk. This is a co-ordination role as the responsibility for identifying and managing risk of a business or operation remains with the directors and managers, with the support and input of staff.

4.2   All staff have a responsibility for reporting risks to their manager who will liaise with their senior manager / director and / or their risk co-ordinator. Not all risks will be of significance or relevance for inclusion on the risk map, although it is important that risks are communicated and staff do not assume that their manager / risk co-ordinator is already aware of a particular risk. Managers are required to consider whether a particular risk should be reported for inclusion on the relevant risk register and risk map.

4.3   Corporate Risk hold quarterly meetings with directors and / or senior staff to consider risk specific to their operations and emergent within their industry.

4.4   The Group recognises risk maps as "live documents" such that they are to be reviewed and updated to contain any relevant emergent and changing risks. Where risk maps are updated these are submitted to Corporate Risk for publishing in the directory of current risk, assurance and heat maps.

4.5   Risk and assurance maps regarded as mandatory are required to be presented to relevant boards for approval at least annually. A program for reporting the mandatory risk and assurance maps is submitted to Group Audit and Risk Committee each year for approval.

4.6   Risk maps are reviewed by Corporate Risk to identify trends and patterns or emergent and accumulating risks that require incorporating or updating within the Group risk map.

4.7   The Group risk map is submitted to Group Executive and to Group Audit and Risk Committee for review every six months. Group Board review and approve the Group risk map each year. The Group's key risks are published in the Group's Annual Report and Financial Statements.

4.8   Risk management is integrated into the strategy, business planning and budgeting cycles.