

APPENDIX 1: KEY RISKS

ALL RISKS APPEARING IN THIS REGISTER HAVE BEEN ASSESSED AS 'MAJOR' IE SCORED WITH A RESIDUAL RISK OF 12 OR OVER

Risk factor	Implications	Likelihood	Impact	Score	Controls currently in place	Further action required	Target Date	Risk Owner	Comments
<p>Objective 1: Strong Strategic & Interactive Governance</p> <p>1.1 Comply with GDPR - risk of non-compliance</p>	<p>Risk that the Association fails to have appropriate controls and procedures in place to demonstrate compliance with the new GDPR regulations which become effective in May 2018.</p> <p>Breach of GDPR regulations – risk to reputation and also financial loss due to increased fines.</p>	3	5	15	<p>Project plan prepared and overseen by the Finance and Corporate Services Team.</p> <p>External training identified for appropriate team members.</p> <p>Internal training planned for all staff members</p>	<p>1) New policies are required, and some require updating – in particular an umbrella (catch all) Data Protection policy is required.</p> <p>2) Contracts need updating for both staff and contractors to comply with new legislation.</p> <p>3) A suitable privacy statement is required for use across many documents and items.</p> <p>4) A review of existing data is required (data mapping).</p>	<p>May 2018 however this will require ongoing review to maintain compliance</p>	<p>DCEO FCSM/ However, responsibility is across the full team.</p>	<p>Work is ongoing to achieve compliance and much of the document management tasks had already been identified as necessary and also fits well with the requirements of the office move.</p> <p>The project plan is being followed and compliance should not be an issue.</p> <p>It should be noted that this is a significant project and requires high resource.</p>

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	Risk of increased/ rushed workload of a reactive nature which will impact negatively on the staff team.				<p>and delivered through a series of mini-workshops at extended team meetings.</p> <p>The action plan to comply with GDPR has been shared with the Senior Management Team.</p> <p>The full staff team are actively engaged in working towards full compliance.</p> <p>Discussions with IT provider to</p>				

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					ensure appropriate systems in place to reduce risk of breach.	5) Training is required for Board members.	31 st May 2018	CEO	Training session has been arranged.
1.2 Prioritise and Grow the H&S Function 1.2.1 Staff Board Risks as identified through the H&S at work risk assessment and planning process.	H&S compliance/ legal liability/ financial loss/ reputation/ insurance premiums.	3	5	15	EVH membership and ACS audits. Reviewing policies and updating with changes to legislation.	1) On-going review of potential risks relating to the welfare of both current and future Staff and Board members. 2) Keeping up to date with changes in H&S legislation.	Ongoing Ongoing	DCEO FCSM/ /CEO DCEO FCSM/ CEO	See H&S update report as presented to quarterly A&P Committee meetings and made available on i-Web for all Board members to review. Ongoing review of Health & Safety function by staff working group.

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					On-going risk assessments. Change in personnel always prompts a review of potential risks.	3) Timely implementation in particular of actions in relation to high risk items including Lone Working and fire safety.	Ongoing review	DCEO FCSM / CEO	
1.2.2 Tenants									
a) House Fires – risk to tenants and financial risk to RSHA.	H&S/legal liability/financial loss and impact on insurance premiums.	3	4	12	Advice in Tenant handbook RSHA Insurance.	1) Implement EVH Landlord Safety manual. 2) About You visits to include explicit assessment of any fire risk and if referral for follow up visit by Fire Service required.	Over 3 year period to March 2021 All tenants (priorities)	DCEO FCSM/ AM HSM	Template policies have received initial review and draft programme of adoption has been created. See H&S update report. About You visits do include assessment of fire risk/ referral to Fire Service. Fire Safe in the home leaflet sent to all tenants in winter Rural matters. Ongoing plus article included in Winter 2017 Rural Matters. Keeping communal closes clear of tenants' belongings/rubbish also included in revised/recently
b) Costs of compliance with legislative requirements regarding fire safety measures in existing properties.	H&S/ compliance – legal liability/ financial loss/ reputation	3	4	12		Consider what properties may require attention under new legislation and cost/implement as required.	Mar 2019	AM	

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									approved Estate Management Policy
c) Gas safety – risk of carbon monoxide positioning to tenants.	H&S/ compliance - legal liability/ financial loss /reputation	3	5	15	Carbon Monoxide detectors in all our gas properties – annually serviced. Contract/pro programme for annual gas safety checks and follow-up works. Monitoring of achievement of key dates.	1) Introduce systematic programme of external audit checks of a sample, of completed gas servicing works within properties.	July 2018	AM	To be procured.

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					Internal audit reports from contractor being received and nil incidents found. Insurance.				
1.3 Other H&S risks Climate change – flooding of properties and gardens.	Risk to tenants’ safety and belongings and damage to RSHA property. Lower level risk to usability of tenants’ gardens.	3	4	12	Risk assessment now carried out and remedial works/equipment identified. Insurance.	1) Development at greatest risk to be progressed as pilot (Lomond Court). Potential works identified and awaiting advice from Scottish Flood Forum to finalise. 2) Remind tenants potentially affected re importance of insurance in Rural Matters. 5) Clarify tenant/landlord responsibilities as part of Estate Management policy.	December 2018 June 2018	AM HSM	Still unable to obtain a response from Aberfoyle Flood Resilience Group for local guidance on threat level and appropriate measures. Completed Final consultation on EM policy In May 2018 edition of RM. Adoption of EM policy will be requested at June 2018 Board meeting.

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<p>Objective 2: Deliver Excellent Housing Services</p> <p>2.1 Business Continuity Risk to services to tenants/corporate working from closure of office premises, break down in IT /phone communications etc.</p>	Tenant satisfaction/reputation/financial loss.	3	4	12	<p>Business Continuity Plan (including IT Disaster Recovery Plan).</p> <p>Insurance.</p> <p>Co-operation agreement with Forth HA.</p> <p>Adverse Weather Policy and Procedure</p>	<p>1) Carry out IT operational risk assessment.</p> <p>2) Ensure Office Bearers as well as staff have access to Business Continuity Plan.</p> <p>3) Rehearse BCP.</p>	<p>Ongoing review</p> <p>June 2018</p>	<p>DCEO FCSM</p> <p>DCEO FCSM</p> <p>DCEO FCSM</p> <p>CEO/SMT</p>	<p>Refer to internal audit report on unactioned items from IT security audit. To be progressed in line with GDPR legislation.</p> <p>BCP is on i-Web and included in Winter Packs for staff and sent to all staff by email.</p> <p>BCP needs to be rehearsed – this is an outstanding action.</p>

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<p>Objective 3: Provide Quality Homes</p> <p>3.1 Failure to deliver agreed development and planned maintenance programmes.</p>	<p>Reduced supply of new affordable units, tenant dissatisfaction and risk to reputation with partners and communities.</p>				<p>Scheme progress closely monitored and prospects for achieving spend re-evaluated monthly.</p> <p>Reserve schemes agreed. Regular dialogue with Council and other partners on scheme progress.</p>	<p>1) Formally review scheme progress and prioritisation at each meeting of the Investment Committee.</p> <p>2) Ensure target timescales are realistic and potential obstacles identified (Review SHIP programme projects monthly).</p> <p>3) Conclude Development Agency service agreements.</p>	<p>IC meetings (TBC)</p>	<p>AM/CEO</p> <p>CEO</p> <p>CEO</p>	<p>Scheme progress has been assessed at the IC meetings and although there was slippage earlier in the year we are now seeing some movement. Station Road Callander is on site and Killearn is also under construction, the Balmaha project received planning approval on the 26 March 2018. Claish and Doune sites are progressing and there is positive movement at Kippen, Croftamie, Drymen, Fintry and Brig O Turk sites. Actual grant drawdown v target is assessed on an ongoing basis. Key responsibilities clear and regular performance monitoring ongoing.</p> <p>Service agreements have been drafted and were returned to consultants in February 2018.</p>

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3.2 Planned maintenance /component renewal costs are significantly higher than projected in Business Plan	Short-falls in the Business Plan and potential covenant breaches.	3	4	12	Independent stock condition survey and updated life cycle costings carried out in 2015.	1) Explore scope for reduced costs through procurement alliances.	Aug 2018	AM	Now a member of SPA but still to establish if savings can be achieved via such procurement clubs.
	Requirement to increase rents and/or restrict costs and future investment in stock.	3	4	12	30-year cash-flow projections.	2) Testing of accuracy of life cycle costings carried out in 2015: from tender returns, experience of other similar landlords. 3) Consider implications as part of Rent review and forward investment Plans.	Aug 2018 Consultation in November 2018	AM SMT	Tender costs are generally rising across the sector and this has been confirmed by RBS. CEO has provided further comparative rates for use in current LCC review. Tenant consultation on rents programmed for November 2018.

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3.3 New build development costs exceed projected income or become abortive.	Significant financial loss to the Association as a result of rental income plus grant not covering private finance cost or left with undevelopable site.	3	4	12	<p>Development scheme appraisals & risk assessments.</p> <p>30-year Business Plan projections.</p> <p>Contractual arrangements & cost control procedures.</p> <p>Regular review of viability prior to commitment to new costs.</p> <p>Buy-back clauses in land acquisition contracts as appropriate.</p>	<p>1) As part of adoption of revised development policies and procedures review approach to: Scheme appraisal Procurement</p> <p>2) On a development project specific basis, clarify eligibility for:</p> <ul style="list-style-type: none"> a) above-benchmark SG Grant. b) top-up from Council Strategic Housing Account. c) SG infrastructure fund. <p>3) Consider other tenures/models that have potential to produce more cost-effective projects (following completion of Balmaha).</p>	June 2018	<p>DCEO FCSM / CEO</p> <p>CEO</p> <p>CEO</p>	Determined for each project.

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<p>3.4 Balmaha project: governance and finance risks arising from aim to sell some of the completed units and some plots for self-build, to provide necessary cross-subsidy for the rented units.</p> <p>3.5 Overall scheme viability and ability to proceed</p>	<p>Financial loss from plots not sold.</p> <p>Regulatory compliance and HMRC issues.</p> <p>Reputational impact.</p> <p>Financial loss from abortive costs to date.</p>	3	4	12	<p>Initial market research and advice from estate agents followed up by Open Day & registrations of interest.</p> <p>Scheme appraisal and monthly review of scheme costs and viability in conjunction with Development Consultant.</p> <p>Specialist legal advice on what RSHA can directly deliver and where input required from</p>	<p>1) Progress discussions with East Loch Lomond Community Trust (ELLCT) to ensure viable proposal for sale of the 4 flats as key worker housing.</p> <p>2) Confirm eligibility for Rural Housing Fund for shared equity properties.</p> <p>3) Confirm eligibility or Infrastructure Fund/ Abnormal Grant/SHA monies.</p> <p>4) Follow up on registrations of interest in units for sale (SE and plots).</p> <p>5) Clarify with SHR any likely issues regarding future Consents for Disposals.</p> <p>6) Get refreshed legal/ tax advice.</p>	Ongoing	<p>CEO</p> <p>CEO</p> <p>CEO</p> <p>CEO</p> <p>CEO</p> <p>CEO</p>	<p>There has been significant progress with some of these action points. In particular we have now been invited by SG to submit bid for IF Grant. The SG have requested further information on the project to determine eligibility for grant. Also, ELLCT progressing discussions with Scottish Land Fund.</p>

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					Venachar as non-charitable subsidiary.				
Objective 4: Demonstrate Strong Financial Management & Value for Money 4.1 4.1.1 Loan Finance New/renewal loan funding becomes more difficult to obtain or is only available at poor rates, high arrangement fees etc.	Financial loss due to higher loan repayments than anticipated/can be afforded. Makes new development undeliverable or unaffordable.	3	4	12	Long term deals in place. Manage relationships with lenders. Regularly updated cash flow projections Ensure finance in place in advance of	1) Regular cash-flow projections. 2) Ongoing review of future funding requirements and options. 3) Ongoing dialogue with lenders – existing and potential. 4) Agree appropriate timetable for researching options and procurement of new finance. Ensure appropriate timeline to	Ongoing review	DCEO FCSM	We are expecting to start the procurement process for the next PF requirement around quarter 3 of the 2018/19 year, however the ongoing cash position and development programme will determine this. We have just started drawing down the £2m PF that was agreed with BOS in December 2016. It is expected that a further £5m/£5.5m will be required to see through the current development programme as

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					cash requirement Quarterly monitoring of component replacement spends against slack available to ensure covenant compliance.	accommodate future finance requirements.			per the business plan and also the office refurbishment.
4.1.2 Very significant increase in interest rates.	Financial loss due to higher loan repayments than anticipated/can be afforded.	3	5	15	Mix of fixed and variable borrowings – current funding mix of 60% fixed/40% variable Business Plan projections and sensitivity analysis have regard to	1) Continue to review forward projections and decide on any corrective action required – through Treasury Management Strategy or elsewhere in business 2) Real time action – react to changes if/when they occur. Maintain open door relationship with lenders to discuss impact of any such changes	Ongoing	DCEO FCSM	Continued review of current cash position and future projections. Annual Treasury Management Review completed in August each year. Ongoing dialogue and update meetings with lenders.

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					significant rises				
4.1.3 Breach of loan covenants results in need to refinance existing loan deals.	Financial loss due to higher loan repayments than anticipated/can be afforded.	3	4	12	Regular reviews of all loan agreements to check compliant – to be annually repeated. Quarterly reporting through management accounts. Ongoing discussions with lenders on current financial position. We are in the process of confirming the covenant definition/	1) Aim to reach final agreement with all lenders on new covenants asap. 2) Formally review covenant compliance as part of annual review of Treasury Management Strategy.	Ongoing	DCEO FCSM DCEO FCSM	This is ongoing, and the lack of progress is due to the speed of our lenders in addressing the issue. Some are being laid back, some have made errors elsewhere and are now moving at a cautious pace. It is hoped that this will be completed as we go through the year end process.

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					<p>position post FRS102 adjustments. The Association did continue to meet the existing covenants post FRS102 although there was less headroom. We have draft definitions at present which provide covenant compliance however these need agreed/confirmed.</p> <p>Forward projections now reflect FRS102</p>				

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					<p>requirements.</p> <p>All lenders have said the impact of FRS102 should be neutral – i.e. if the Association met the covenants before FRS102 they will meet them after.</p>				
4.1.4 “Brexit”	Leads to impact on money markets and interest rates and then to significantly increased inflation in costs and economic recession (and limited ability to increase rents).	3	4	12	Current funding mix is agreed to accommodate a 60:40 split either way between fixed and variable debt. We currently have 60%	<p>1) Review position on a regular basis and consider impact on future borrowing requirements.</p> <p>2) Ongoing horizon scanning – what is ahead? Aim to be proactive rather than reactive.</p>	Ongoing	DCEO FCSM/ CEO	<p>Ongoing review of inflation and interest rate forecasts.</p> <p>Ongoing dialogue with lenders. Both RBS and BOS are aware of our need for further finance and both are very keen to support the Association. We have also had contact from other lenders to gauge our finance requirements and the previous tender exercise showed that there was</p>

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					fixed and 40% variable. Updated BP projections include relevant sensitivities/ scenarios that demonstrate RSHA capacity to deal with significant increases in costs and restrictions on rent increases.				increased appetite in the market. We have identified spend areas for formal tender over the next two years and this process helps to fix/agree advance costs over a set period.
4.1.5 Fraud	Financial loss/ reputation/ insurance premiums.	3	5	15	Internal controls/ payment authorisation limits/dual authorisation requirements/adequate audit trail requirements.	1). Review controls/processes specifically in light of suggested increased fraud risk and send reminders to staff on subject 2). Review of financial controls and routine daily/weekly/monthly checks.	Ongoing review	CEO/ DCEO FCSM/ AM/ HSM DCEO FCSM	Ongoing review

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					Staff accountability/ awareness of external factors. Timely reconciliations and segregation of duties.				
4.2 Reduced incomes for tenants in the rural area, changes to housing and welfare benefits system and increased energy costs.	Threat to tenancy sustainment, housing list demand and rental income – especially in the northern part of our area where possible population decline projected.	3	4	12	General role of housing officers and Income maximisation officer. Access to Discretionary Housing payments for bedroom tax cases. Tenants most likely to be affected	1) Formally review applicant demand and arrears patterns in remote areas in particular. As part of report on annual review of allocations. 2) Carry out <i>About You</i> visits to all tenants. 3) Board review of progress against strategy for Universal Credit &	May 2018 Ongoing October 2018	HSM HSM HSM	This is taking considerably longer than expected (Excellence change programme, staff restructure, staff absence) Approx 100 completed. This is the vast majority of vulnerable working age tenants. Have set target of 5 per month per patch whilst allocations for Station RD ongoing. On this basis it

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					<p>by UC contacted & referrals made where required for help with budgeting and digital inclusion. Alternative Payment Arrangements applied for in all cases.</p> <p>Connecting Stirling: to help build IT capacity of local residents likely to be affected (ongoing). All vulnerable tenants have been phoned & advised of DI service & forthcoming digital</p>	<p>improved culture of payment</p> <p>4) Improve in-house energy advice to tenants- esp. around use of heating systems.</p> <p>5) Continue to actively promote Connecting Stirling project.</p> <p>6) Review the need for any additional external expert advice.</p>		<p>HSM</p> <p>HSM</p> <p>HSM</p>	<p>would take another 2 years to complete. All vulnerable tenants of working age visited (Oct 17). Now visiting non-working age vulnerable tenants. Still ongoing.</p> <p>Working with Citrus Energy – All new tenants advised of free, impartial service provided to help new tenants get advice on tariff's & energy efficiency. Updated info/advice info on use of heating systems required.</p> <p>Feedback from the TESP indicated a low take up of energy advice services. Tenants less likely to come forward & seek specific advise. More likely to discuss with staff when out visiting. In addition, intro of EAS & Citrus Energy referral processes would suggest no further external advice required at this time.</p>

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					benefits application process. LLI's in place for Tyndrum	7) Review operation of Tyndrum LLI and possible applicability elsewhere. 8) Review potential benefits of asset disposal as part of Asset Management Strategy.	May 2018 June 2018	HSM AM	This will be considered when producing Asset Management Strategy.
Objective 5: Develop our Leadership and People 5.1 Inappropriate recruitment and loss of key personnel (staff and Board)	Disruption to staff working and effectiveness of Board with potential impact on service delivery, good governance and reputation.	3	4	12	Overall capacity of staff team and Board – to ensure ability to cope for at least short periods of time Recently strengthened Board through	1) Succession planning for key Board positions. 2) Annual staff stress survey to be carried out annually. 3) Review staff and Board members motivation through annual appraisals and consider need for additional recruitment. 4) Review recruitment and selection procedures.	Ongoing/ annual actions	OBs DCEO FCSM OBs	Chair succession plan in place. Re-send to all staff. to

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5.2 Failure to adequately train and develop the SMT	Leadership and directionless team	3	4	12	targeted recruitment. Key tasks able to be covered by more than one staff member.	SMT Leadership Development Programme	September 2018	CEO	
Objective 6: Be more than just a great landlord No risks currently identified – will be kept under review									

Risk Owner Key:

CEO: Chief Executive Officer

DCEO/FCSM: Depute Chief Executive Officer/Finance and Corporate Services Manager

HSM: Housing Services Manager

AM: Asset Manager

SMT: Senior Management Team

OBs: Office Bearers