Risk Management in Housing and Local Government

January 2021

Flooding in Appleby in Cumbria in December 2015

Introduction

This briefing paper considers Risk Management in Housing and Local Government.

The Audit Commission has defined risk management as follows:

"Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled".

Risk management is an integral part of good governance and is a process whereby:

- There is shared awareness and understanding within the organisation of:
  - The nature and extent of the risks it faces.
  - The extent and categories of risks regarded as acceptable (the organisation should formulate a sound policy on its threshold to risk).
  - The likelihood and potential impacts of the risks materialising; and
  - Its ability to reduce the incidence and impact on the organisation of risks that do materialise.

- There is regular and ongoing monitoring and reporting of risk including early warning mechanisms.
- An appropriate assessment is made of the cost of operating controls relative to the benefit obtained in managing the related risk.
- The organisation conducts, at least annually, a review of the effectiveness of the system of internal control in place; and
- The organisation reports publicly on the results of the review and explains the action it is taking to address any significant concerns that it has identified.

The process should be ongoing, embedded in the culture of the organisation and have the potential to re-orient the whole organisation around performance improvement. It is not about eliminating risk but about understanding risk and managing it more effectively. It includes identifying, quantifying, managing and re-assessment of risks. Re-assessment should be carried out based on new information, actions taken and changes in the environment. Following assessment, risks should be mitigated and then the success of the mitigation strategy should be tested.

Risks can be positive or negative. Inaction may be riskier than action, especially in a changing world. There is a need to anticipate risks, but detailed plans often must be developed as the risks emerge – there is a need to plan at the correct time. Furthermore, not all risks will be identified in advance so there is a need to be prepared to make a rapid response.

The consequences of risks can be financial, reputational, or regulatory. Risks can cause:

- Unbudgeted costs that at best force reductions in expenditure elsewhere and at worst threaten the viability of the organisation
- Damage to reputation
- Adverse reporting from regulators and auditors

Donald Rumsfeld, a former United States Secretary for Defence, once categorised risks as follows:

"There are known knowns. These are things we know that we know.

"There are known unknowns. That is to say, there are things that we know we don't know.

"But there are also unknown unknowns. There are things we don't know we don't know."

Hierarchy of Risks

There is a hierarchy of risks from organisational, strategic, high level risks managed at council / board level; through functional risks managed at senior management team level; operational risks managed at manager level; to working risk assessments for premises, fire, activities, and other key documents. This is shown diagrammatically below.

Responsibilities for different aspects of risk management should be allocated to people at different levels in an organisation as illustrated by this example from a housing association:

	Accountability	Review	Key elements	Documents
Organisational	Audit committee / board	Quarterly	Audit Committee will review risk and commission external audit. Board will review risk as part of the quarterly business plan review.	Strategic and functional risk document to SMT and audit quarterly. Items with high residual risk go to board in the quarterly business plan update
SMT	SMT	Quarterly	Directors will report on their functional risks in time for the quarterly review at board Directors will review risk with their managers at each line management meeting (six-weekly) Cross cutting risk will be reviewed at SMT quarterly	See above.
Manager	Manager within functional teams	Monthly at team meetings	Managers will raise in their teams any risks that they have identified with their director (see above)	Quarterly report to SMT on emerging risks and compound risks (if any)
Working	Various	Various	There is a large number of procedures and approaches which have a risk component. The separate table lists the key areas, which are defined by level of risk	Quarterly review of low level working risk documents such as fire risk assessments, team risks such as lack of room bookings, etc, accidents, sickness. Report to SMT on any areas of concern

The key components of a risk management strategy include:

- Assurance Map / Plan
- Risk Assessments
- Risk Map / Register
- Audit Committee / Scrutiny arrangements / Board

There is a need to take a holistic approach to risk. Organisations should not just concentrate on: Insurance, Health & Safety and Asset Management.

Risk Priorities

Many organisations prioritise their risks using a matrix such as that which is shown below:

Catastrophic		**High Impact, Low Likelihood Consider Action and have a Contingency Plan**		**High Impact, High Likelihood Immediate Action is Needed**
Impact				
Minor Disturb- ance		**Low Impact, Low Likelihood Keep under Periodic Review**		**Low Impact, High Likelihood Consider Action**
		Very Unlikely		**Very Likely**
			Likelihood	

This approach categorises risks according to how likely they are to occur and how catastrophic they would be. There are therefore four categories of risk:

- High Impact, high Likelihood – where immediate action is needed.
- High Impact, Low Likelihood – where there is a need to consider action and to have a contingency plan.
- Low Impact, High Likelihood – where there is a need to consider action.
- Low Impact, low Likelihood – where there is a need to keep under periodic review.

This allows strategic risks to be evaluated as shown in this example from a housing association business plan:

Risk	Inherent assessment		Residual assessment	
	Impact	Likelihood	Impact	Likelihood
Increased tenant poverty	5	5	3	5
Increased arrears	5	5	3	4
Welfare reform	4	5	2	5
Cuts to local authority budgets	4	5	3	5
Supporting People	4	4	2	3
Severe weather	4	4	3	3
Working with partners	4	4	3	3
Staffing	5	3	3	2
Reputation	4	4	3	2

Operational Risks and Working Risk Assessments

Operational Risks include:
- Professional – those associated with the particular nature of each profession (for example, housing service concerns as to the welfare of tenants)
- Financial – those associated with financial planning and control and the adequacy of insurance cover
- Legal – those related to possible breaches of legislation
- Physical – those related to fire, security, accident prevention and health and safety (for example, hazards / risks associated with buildings, vehicles, plant and equipment)
- Contractual – those associated with the failure of contractors to deliver services or products to the agreed cost and specification
- Technological – those relating to a reliance on operational equipment (for example, IT systems or equipment and machinery)
- Environmental – those relating to pollution, noise or the energy efficiency of ongoing service operations

Each manager should have their own register of operational risks

There should be working risk assessments for each team or project. For example, a housing options team will assess the risks of visiting customers in their own homes. There should be close links with health and safety inspections often using external consultants with issues such as fire precautions and gas servicing – with their conclusions feeding into risk assessments. There is a need to check that actions are taken in response to risks.

Assurance Maps

Organisations often prepare assurance maps. These:
- Map all the risks in an organisation
- Focus on whether there is a viable business
- Are constantly updated
- Are regularly reported to management teams and audit committees
- Are used to identify 'gaps' where internal audit work required
- Are used to identify areas for internal 'service reviews'
- Are used by external auditors advise on financial risks
- Are validated by internal auditors
- Identify areas where risk management is absent or inadequate and where it is excessive

Managing Risks

There are four possible attitudes towards risk:
- Avoid risk – change plans to circumvent the problem
- Control / mitigate risk – reduces impact or likelihood (or both) through intermediate steps
- Accept risk – take the chance of negative impact (auto-insurance) eventually budget the cost (via a contingency budget line)
- Transfer risk – outsource risk (or a portion of the risk – share risk) to third parties that can manage the outcome. This can be done through insurance contracts or hedging transactions, or operationally through outsourcing an activity

There are six ways in which social landlords should respond to risk:
- Carry out a risk assessment on everything that is important
- Know the ways that the risks are most likely to interact

- Know the business and the key pressures on it.
- Continuously scan the external world.
- Concentrate on those things that are valued most.
- Be prepared to adapt and be flexible.

Risks should be monitored and reported through:
- Regular Risk reports
  - What are the significant risks? Have they changed?
  - How effective are the systems of internal control?
  - How quickly can the organisation respond to changes in risk?
  - How good is the communication of risk?
  - Are any changes needed to the risk management policy or monitoring processes?
- Monitoring
  - Embed consideration of risk into all reporting
- Annual Assessment
  - Changes since the last annual assessment.
  - Scope and quality of ongoing monitoring of risks.
  - Extent and frequency of the communicating of risks to the Board.
  - Incidence of significant control failings or weaknesses.
  - Effectiveness of public reporting procedures.

Good questions to ask about risks include:
- What are the major opportunities for the organisation?
- How is change affecting the risks faced and the risks that the organisation has chosen to take (areas subject to change are often the biggest areas of risk)?
- What are the 'killer risks' from which the organisation would be unable to recover?
- What damaging press headlines need to be avoided?
- What problems have happened in the past at the organisation or elsewhere?
- What are the types of fraud and business probity issues to which the organisation could be particularly susceptible?
- What are the major regulatory and legal risks to which the organisation is exposed?
- What risks arise from the business processes?

Financial Risks

The Chartered Institute of Public Finance & Accountancy has said that:

"The financial planning horizon can now be thirty years… When considering the assumptions used in the financial plan a small variation in the early years will mean a much larger variation by year thirty. This illustrates the need for a thorough assessment of the risk in these variations over the period of the plan and the need for constant re-evaluation. The sensitivity analysis carried out as part of the business plan will evaluate the impacts"

This makes risk management even more important.

There is a need to identify what drives costs and incomes through reviewing all expenditure and income to identify the drivers and therefore the risks. There is then a need to integrate risk management into the financial plan and budget including using sensitivity analysis. The assumptions underlying the budget and financial plan represent only one scenario. There is a need to consider what would happen if those assumptions are varied, and to identify the most important assumptions and keep them under review.

Capital investment, including the development of new housing, can present significant risks. According to the Chartered Institute of Public Finance & Accountancy:

"New build or acquisition… may be possible over the period of the thirty-year business plan. This type of activity can be viewed as riskier than the mainstream housing business. Risks on these schemes can include such items as build cost over-runs, scheme slippage, sales income, void levels, rental income and management costs"

Insurance is a way of sharing risk with different approaches appropriate to different levels of risk:
- 'Catastrophic losses' – certainly take out insurance.
- Intermediate risks – probably take out insurance.
- Low level, repetitive and predictable losses – consider 'self-insurance' or 'pay as you go'.

But even where insurance is relied upon, there is a need to manage the risks to minimise the insurance premium and the costs.

Financial risks can be managed by:
- An active Treasury Management Policy and procedures to manage interest rate risk.
- A suitable level of balances or reserves maintained as a contingency against risks on inflation and income, bad debt increases as well as investment risk factored into the business plan.
- Performance Management Frameworks, effectively enforced, to manage the risks of poor performance in voids, income collection and investment scheme delivery.

Sensitivity Analysis

When self-financing was introduced to local authority housing services, the Chartered Institute of Public Finance & Accountancy argued that the case for carrying out sensitivity analysis was strengthened as follows:

"To assess the impact of self-financing and assist in the analysis of risk, a range of sensitivities should be considered and tested on the business plan… As well as considering these items individually, the impact of a combination of two or more of these together should be tested. This will give a better model of the real situation that might occur."

The key sensitivities to test in the business plan that have been identified by the Chartered Institute of Public Finance & Accountancy are:
- Inflation increase or decrease.
- Cost inflation out of synchronisation with the retail price index.
- Right to buy levels and receipts in the light of the revitalisation of the right to buy scheme.
- Rent arrears and the impact of benefit changes.
- Interest rate increases.
- Performance decline, such as void levels and increase in cost and volume pof responsive repairs.
- Local issues, such as tendering of Supporting People or other services and reduction in Supporting People Grant.
- Alternative rent policies adopted by the authority.

The Chartered Institute of Public Finance & Accountancy advises that:

"To assess the impact of self-financing and assist in the analysis of risk, a range of sensitivities should be considered and tested on the business plan.

"As well as considering these items individually, the impact of a combination of two or more of these together should be tested. This will give a better model of the real situation that might occur.

"The business plan for the housing revenue account is revisited each year to make amendments for assumptions made on stock levels, interest rates, inflation and other changed circumstances. These changes will be the subject of discussion with tenants to reaffirm or alter the resource allocation decisions and then proposals will be sent to the Council.

"Presentation of the business plan and its monitoring is at authorities' own discretion."

The Risk Management Strategy needs to be kept under review.

Stress Testing

Stress testing has recently been introduced to housing associations. To comply with the Governance and Financial Viability Standard set by the Homes & Communities Agency, all housing associations are required to ensure their long-term viability by:

"Carrying out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and putting appropriate mitigation strategies in place."

Stress testing goes beyond simple sensitivity testing and includes multivariate analysis which tests against potential serious economic and business risks. It explores those conditions which could lead to failure of the business. It considers both the long-term, cyclical nature of economic factors that impact on the business as well as internal business risks. This approach is often called 'scenario planning' or 'What-ifs' or 'stress testing'. While it has been developed most fully in housing associations, it is also applicable to local authorities.

The Regulator of Social Housing has set out its requirements for 'stress testing' of housing association business plans in 'Regulating the Standards'. While these do not apply directly to local authorities, they are worth considering as an example of good practice. The standards state that:

"We expect stress testing to be pivotal to, and integrated with, providers' overall approach to business planning, risk and performance management… We will seek evidence that providers go beyond simple sensitivity testing to include multivariate analysis, which tests against relevant serious economic and business risks and demonstrates the effects on cash, covenants and security."

Providers should of course respond in a way which is proportionate to their circumstances. The Code of Practice elaborates on this requirement by suggesting that organisations should:

- Go beyond simple sensitivity testing and include multivariate analysis which tests against potential serious economic and business risks.
- Explore those conditions which could lead to failure of the business.
- Consider both the long-term, cyclical nature of economic factors that impact on the business as well as internal business risks.

The Regulator of Social Housing expects organisations to stress test their whole organisation, not just the registered providers. Providers are required to submit their stress testing to the regulator for scrutiny. Stress tests form a key focus of the in-depth assessments and providers can expect the visiting regulatory team to want to discuss both the tests and the associated avoidance and recovery plans with executives and non-executives alike.

Stress testing goes beyond sensitivity analysis in that it asks the question: 'How much of a variation would make the business unviable?' For example, by how much would interest rates have to increase to make the business unviable? With multivariate analysis, combinations of risks are considered. For example, the business plan would be tested to see what increases in interest rates, increased maintenance costs, increased voids and reduced capital receipts taken together would make the business unviable.

Stress tests often follow this process:

- Describe a range of events that in combination would cause financial distress, typically resulting in the breach of one or more loan covenants or running out of cash. These should link to both the strategic risk map and the contingent liabilities logged in the asset and liability registers.
- Explore the cumulative and long-term impact of those events using a financial model.
- Decide on one or more scenarios (where several events occur simultaneously) that would kill the business - the perfect storm'
- Use the model to articulate the scale of the crisis that would arise.
- Rehearse a range of recovery actions that would be required to ensure long-term viability.
- Consider adjustments to risk appetite and other avoidance techniques.

Whilst fascinating and instructive, the financial modelling on its own will not ensure long-term financial viability, and so it is crucial that providers invest significant time and effort into the last two stages of this process. The National Housing Federation considers that a useful rule of thumb is to plan to spend one third of the time on the financial modelling (stages 1 to 4 above) and two thirds on planning to avoid or recover from the perfect storm (stages 5 and 6).

The Regulator has steered away from prescribing the scenarios that associations should explore – not least because each association faces a unique combination of challenges driven by geography, scale, ambition and exposure to market and contract risk. It is therefore for each housing association to define its own perfect storm.

The perfect storm is not a forecast. The likelihood or otherwise of such a combination of adverse events is not pertinent. Rather this is an exploration of the minimum it would take to break the business plan and how to enhance the resilience of the organisation to such events.

Once the financial modelling is completed the next stage is to identify those decisions that would need to be taken should the perfect storm occur. These will be practical and precise, require difficult decisions and crucially must match the scale of the crisis that would ensue.

While they would be different for each organisation, they would typically include a sequence of measures such as:

- Reducing discretionary spend.
- Delaying or stopping development.
- Restructuring teams and operations.
- Closing loss-making activities.
- Divesting risky investments.
- Selling assets or businesses.

In addition to developing a detailed action plan, organisations will want to verify that documented processes, early warning signs and key performance indicators align with these intentions. An organisation's ability to act at speed will be greatly enhanced by: an up-to-date asset and liability register detailing what value could be realised by asset sales; a good grasp on where third-party consents would be required to take those actions; a real-time understanding of the scale of the committed and uncommitted development programme; and a comprehensive and granular list of items of discretionary spend.

With the modelling complete and the recovery plan in place, housing associations reconsider their top-level risk management mechanisms and adjust them where appropriate (stage 6 above). Once more these will vary by organisation but could include:

- The risk appetite statement.
- Key Performance Indicators and early warning systems.
- Cushions or internal targets on financial covenants.
- Minimum cash and/or liquidity cushions.
- The maximum committed development pipeline.
- The degree to which major expenditure items are fixed in long-term contracts or procured under more flexible arrangements.
- Incentives embedded in executive performance targets and pay.
- The timing of budget reforecasting exercises in relation to the financial year end.
- The skills of board members.

Clearly it is recovery planning and risk adjustments rather than the financial modelling that will ensure long-term viability and the protection of social housing assets. Therefore, the Regulator concentrates on these elements of the stress test during their in-depth assessments.

The origins of stress testing lie in the engineering sectors where there is a well-established practice of subjecting products to conditions beyond their normal operational environment, and to breaking point, to test their resilience.

While most housing associations manage their affairs to ensure robust and sustainable viability, the history of housing associations getting into financial distress has included many examples of over-development, accelerated diversification and inadequate or inaccessible funding.

All well-run organisations use a variety of methods to ensure that their ambitions can be delivered despite adverse movements in the external environment or deteriorating operational performance. These include business planning and identifying contingencies that can act as insurance in the event of risk crystallisation. Stress testing is simply an extension of this good practice. Testing a business plan to destruction helps housing associations to understand better what could bring about their demise, to take steps to avoid those circumstances and most importantly, to rehearse a range of difficult decisions which, if taken in good time and at speed, could see it survive beyond such a crisis.

Local Authorities

Risk management is an integral part of good management and corporate governance in local government and is therefore at the heart of what local authorities do. It is essential to a Council's ability to deliver public services and as a custodian of public funds. Councils are legally required to have risk management arrangements in place. Councils explain their approach to managing risk in their Risk Management Strategies. These typically:

- Set out the Council's objectives for the management of risk at a strategic and operational level, within projects, within partnerships and by its suppliers.
- Describe the risk management framework that is in place by defining a systematic approach to how risk will be managed across the council.
- Ensure that associated thinking and practice is embedded in everyday processes, policies, and activity.

Therefore, local authorities:

- Maintain a robust and consistent risk management approach that will identify and effectively manage strategic, operational and project risks; focus on those key risks that, because of their likelihood and impact, make them priorities.

- Ensure accountabilities, roles, and responsibilities for managing risks are clearly defined and communicated.
- Consider risk as an integral part of business planning, service delivery, key decision-making processes, and project and partnership governance.
- Communicate risk information effectively through a clear reporting framework.
- Increase understanding and expertise in risk management through targeted training and the sharing of good practice

Local Authority Housing

The Chartered Institute of Public Finance & Accountancy has said that:

"Risks are being transferred with the settlement from central government to authorities and the risk management arrangements need to be re-assessed to ensure that they are robust enough… The self-financing HRA will more closely resemble the finances of housing associations, with similar associated risks. It would therefore be appropriate to have the same type of risk management framework in place."

In the CIPFA voluntary code on self-financing, there are three provisions on risk management as follows:

Provision 1: The housing authority carries out appropriate sensitivity analysis across the business plan to identify potential high, medium and low-level risks to the financial viability of the HRA… Attention is given to evaluating risks arising from: changes in government policy; treasury management risks; inflation; income recovery rates; void levels; changes to rent policy; changes in the composition of the stock; investment return; right to buy; debt levels and grants.

Provision 2: The housing authority has a risk management system in place which, as a minimum, includes the following processes:
- Identification of risk
- Quantification of risk
- Management of risk
- Re-assessment of risk
- Communication of risk to appropriate decision-makers.

Provision 3: The housing authority identifies appropriate mitigating actions where higher-level risks to the overall sustainability of the business plan are identified, to ensure the long term viability of the HRA. These may include:
- An active treasury management strategy and procedures to manage treasury management risks in accordance with CIPFA's *Treasury Management in the Public Services Code of Practice*
- A suitable level of balance of reserves maintained by the HRA as a contingency against risks on inflation and income, bad debt increases as well as investment risk
- Performance management frameworks effectively enforced to manage the risks of poor performance in voids, income collection and investment scheme delivery.

The code is correct to emphasise risk management as this is an area that many local authorities should consider developing. Too often local authorities focus on the financial scenario that they think most likely – the approved business plan and budget – and give insufficient attention to alternative scenarios that may require a different response – risk assessment and management.

It could be argued that reporting to elected members should focus on risk management, identifying the key assumptions and forecasts that are made in the business plan and budget, the key risks that those assumptions and forecasts may not prove accurate, how to mitigate and manage those risks, and then monitoring the extent to which the assumptions, forecasts and risks are realised in practice.

Housing Sector Risk Profile 2020

The Regulator of Social Housing considers that risk is an integral part of what housing associations are; the government wants them to 'sweat their assets'. Housing association risks are becoming more complex, as they diversify. Risks need to be assessed in terms of the possible effects on the wider organisation.

The Regulator of Social Housing has identified the following classes of risks:
- Asset-related risks – including risks associated with development, diversification into other activities and exposure to the housing market
- Liability-related risks – including risks associated with existing debt, mark to market exposure and new forms of debt
- Income-related risks – including risks associated with affordable rents and welfare reform
- Cost-related risks – including risks associated with impact of component accounting, pension issues, differential inflation rates

The Regulator of Social Housing in England published their 'Sector Risk Profile' for 2020 in November 2020. In it, they recognise that the focus of providers of social housing during 2020 has inevitably been on the impacts of the pandemic; and that coronavirus has had an unprecedented impact on British society and the economy since being declared a global pandemic in March 2020.

The Regulator identifies the major risks faced by housing associations as follows:
- Strategic: Reputation, Complaints, Diversification, Value for Money.
- Operational Risks (services): Delivering services, Health & Safety.
- Operational Risks (existing stock): Stock quality, counterparty risk, supported housing, rents, costs, data security.
- Operational Risks (development): low-cost home ownership, market sales, construction process.
- Finance & Treasury Management: Debt, funding models, pensions, fraud.

However, the Regulator considers that it is important not to lose sight of other ongoing sources of risk to providers' continued viability, the achievement of their strategic objectives, delivering services to tenants, and maintaining compliance with regulatory standards. They point out that the Social Housing White Paper has highlighted specific responsibilities surrounding increased stock quality standards and accountability to tenants, as well as a more proactive approach to consumer regulation; and that the publication of the Planning White Paper, the new shared ownership model, and the launch of the latest Affordable Homes Programme will also lead to significant changes to the operating environment for many providers.

Conclusions

Risk Management is an important part of the management of any local authority or housing organisation.

However, there are some pitfalls that are to be avoided including:
- Lack of member involvement
- No clearly defined risk management policy

- Lack of planning and buy-in – no clear implementation strategy
- Failure to identify clear objectives
- Viewing risk management as a compliance exercise
- Failure to consider risk in the broadest context
- Establishing risk management as a separate initiative
- Failure to link risks with corporate objectives
- Risk management systems that are too complex
- Failure to prioritise and focus only on significant risks
- Lack of clearly identified roles and responsibilities
- Inadequate focus on control strategies and risk exposure
- Inappropriate or no risk champions identified
- Lack of consultation throughout the process
- Lack of regular monitoring and reporting
- Poor communication
- Not addressing the change management issues from a human resource and cultural perspective
- Inadequate resourcing and training

The Chartered Institute of Public Finance & Accountancy has identified that risks can be opportunities as well as threats:

"Risk is not all bad; it can present opportunities for the service to innovate and change. The full understanding of risk can enable new ideas to be progressed in a managed environment. The failure to take risks at the opportune moment can also in itself be a risk to the success of the service."

Adrian Waite
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About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

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Risk Management in Housing and Local Government Webinar

We hold webinars entitled 'Introduction to Risk Management in Housing and Local Government'. These last about an hour and cost £30 plus value added tax (a total of £36).

Coronavirus has raised the profile of Risk Management. But Risk Management was already gaining a higher profile in local government and housing because of austerity, self-financed housing revenue accounts, ‘Brexit’ and the Regulator of Social Housing’s new regulatory standards.

Local authorities are guided by the HM Treasury 'Orange Book' and 'Risk Management in Government' advice from the Cabinet Office. However, many struggle to implement a risk management process that includes a review of the inherent risks that threaten achievement of corporate objectives and therefore they can lack a transparent risk mitigation framework at both a strategic but particularly operational level.

In its guide to housing self-financing the Chartered Institute of Public Finance & Accountancy identified the main risk factors that local authorities and arms’ length management organisations should consider now that self-financed housing revenue accounts have exposed local authorities to greater risks.

The Regulator of Social Housing’s regulatory code is strongly focused on risk. This is based on risk being an integral part of the business of housing associations. Housing association risks are becoming more complex as they diversify. Risks need to be assessed in terms of the possible effects on the wider organisation – an approach that is often called ‘scenario planning’, ‘what-ifs’, ‘stress testing’ or ‘multivariate analysis’.

Risk Management is equally important in England, Scotland, Wales & Northern Ireland where there are similar approaches.

In this context there is a need for a greater understanding of the issues involved in implementing risk management among councillors, board members and officers responsible for all aspects of risk management. Those who attend will gain an understanding of the concept of Risk Management in Local Government and Housing and how to implement Risk Management in practice including how to apply the principles of risk management in a Local Government or Housing context.

The webinar will address these questions:

- What are the Legislative and Regulatory responsibilities?
- How can risks be identified?
- How can the likelihood and severity of risk be assessed?
- How can risks be reduced and mitigated?
- What are the main risks faced in local authorities and housing associations?
- How should Risk Management be implemented at the strategic and operational levels?

For further information, please click here: https://awics.co.uk/introduction-to-risk-management

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