Strategic risk management perceptions and practices in the community housing industry

National Housing Conference 2015
Why focus on strategic risk

The future looks different

What if . . .
Why focus on strategic risk

- Growth
- Diversification
- Expectations
  - Investors, government
- Operational risk
- Structures
- Reputation
- Relevance

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Do you aspire to increase the number of tenancies your organisation manages within the next 2 years? (Answered: 64)

- **Yes**: 20
- **No**: 13
- **Not sure**: 11

Legend:
- Registered Social Landlord (Scotland)
- Community Housing Provider Tier 3
- Community Housing Provider Tier 2
- Community Housing Provider Tier 1
Project methodology

• Literature review
• Online survey
• Interviews with informed stakeholders
Emerging Risks

- New business risks - finance and development
- Multi jurisdictional – more risks identified; change in government
- Scotland – financial; high risk clients
- Difficult to manage
- ‘External policies – because we have no or little control.’
- Scotland - Rent collection; arrears and debt; competition; demand for repairs
Forward planning

- Monitoring and review of strategic risks is a regular activity.
- Circa 50% reported that their risk management plan is reviewed annually.
- Just over 50% of the CHPs had sought advice from external consultants as part of the process of reviewing their risk management plans.
- Most providers were planning between one and five years forward.
- ‘We are in a much better place than we were a few years ago. We have developed and evolved our approach to risk and deepened our understanding as we (staff and Board) have progressed. We still have some way to go in getting this more broadly understood and lived with across all layers of the business.’
Using strategic risk management

- Regular risk reporting
- Risk assessments of new business
- ‘Nothing significant at a strategic or operational level can proceed without an assessment of risk, particularly on the development side, where it is carried out in parallel with financial and development appraisals.’
- Challenge - Staff buy in, making risk real
What did we find?

• Stewardship
• Decision making practices
• Risk “inherent in the business model”
Stewardship

- Importance of the Board
- Risk and value creation
- Structure versus purpose
Decision making practices

• Importance of information
• Scenario planning
• Readiness
Risk “inherent in the business model”

• Hybrid organisations
• Cross subsidies
• Partnership with government