

# GROUNDS MANAGEMENT ASSOCIATION (GMA)

## RISK MANAGEMENT STRATEGY

### INTRODUCTION

1. In order for the GMA to operate, deliver our services and achieve our objectives some amount of risk taking is necessary. The only way to avoid risk is to do nothing, which in turn guarantees nothing is achieved. We should aim to be in a position where our risks are managed effectively to deliver our business objectives and so that opportunities are exploited to provide improved services and value for money.

### DEFINITIONS & PROCESS

#### A. What is risk?

2. Risk can be defined as - "***Exposure to chance of injury or loss, or failure to achieve our objectives***".

3. Types of risks that the GMA may face include:

- Anything that poses a threat to the achievement of our business objectives and strategic priorities
- Anything that could damage our reputation or undermine our members or the public's confidence in us
- Failure to guard against theft and fraud
- Failure to comply with regulations such as health and safety.

4. Risks can also arise from not taking opportunities to deliver better quality and cost efficient services to our stakeholders, partners, members and clients.

#### B. Risk management

5. Risk management means having in place a corporate and systematic process to identify, evaluate, control, review and monitor the impact of uncertain events. It includes having staff with the appropriate skills to identify and assess the potential for risks to arise. It is important that our approach to risk management is clearly documented and this paper describes the strategy that we will put in place to identify, assess, address, review and report on our risks.

6. Risk management consists of four stages: *risk identification; risk assessment; risk management; and risk monitoring, communication and feedback.*

7. In the GMA, the process is in the final analysis a Board responsibility, on the advice of the Strategy & Finance Group. It is managed by the CEO and senior management team.

8. The Board and SFG approves the risk strategy; reviews regularly and challenges; assesses the GMA strategy for risk; and delegates responsibility day to day to the CEO and Management Team.

9. The CEO and Management Team advise on the strategy; produce the Risk Register; monitor and manage the steps in the strategy and items in the Register; produce assurance statements; ensure that risk knowledge and management are embedded in the organisation; monitor and review strategy and process; educate all staff and consultants in the risk strategy and Register and ensure they play their parts.

## C. Risk Assessment

10. To decide how to handle risk, we have to assess its significance. We will do this by assessing all risks in terms of how likely they are to occur and the magnitude or impact of the consequences if they were to occur. It is not easy to assign best estimates of probability and impact and in most cases the decisions will be a matter of judgement. We recognise that there will always be a degree of uncertainty as we try to predict the likelihood and impact of future events. Where available we will use our experience and/or historic records to assist us in these judgements. For example, prior knowledge of a contractor on a key project can help us assess the likelihood of whether the project will be completed on time or our degree of dependency on IT systems can help us assess the impact to our business if they were to fail.

11. **Probability.** We will rate the probability of a risk being high, medium or low, as below.

Probability	Description
<b>High</b>	There is a strong possibility this risk will occur. (Possible within this quarter)
<b>Medium</b>	The probability of this risk occurring is moderate. (Possible within this year)
<b>Low</b>	There is a slight possibility this risk may occur. (possible within 1-10 years)

12. **Impact.** We will rate the effect the risk will have when realised as high, medium or low as below:

Impact Category	Description
<b>High</b>	Serious financial loss Serious damage to reputation. Serious impact on business objectives, strategic priorities, activities or milestones.
<b>Medium</b>	Some financial loss /damage to reputation. Significant impact on business objectives, strategic priorities, activities or milestones.
<b>Low</b>	Minor or no financial loss/damage to reputation. Minor impact on business objectives, strategic priorities, activities or milestones. Little or no effect on service provision.

13. Post assessment of risks, the strategy must identify the necessary **actions and controls** to reduce the likelihood of the risk occurring and how they might be mitigated.

14. **Ownership.** It is important not only to identify the key areas to which resource should be allocated but also to allocate responsibility for management of these risks. Effective risk management emerges when ownership of any particular key risk is allocated to an appropriate senior official; without ownership being assigned at a senior level, responsibility and authority for implementing control or risk mitigation action is unlikely to be clear.

## D. Identifying Risks

15. We will adopt a “top down” and “bottom up” approach to risk identification, thereby aiming to identify the strategic and operational risks that may prevent the achievement of our business objectives and strategic priorities. The Senior Management Team will identify the strategic risks that may impact on our achieving the business objectives and strategic priorities. We recognise that the successful delivery of our objectives also depends on external stakeholders (such as funders, sponsors, partners, suppliers, etc). We will therefore work closely with other stakeholders to identify risks on joint activities.

## E. Types & Categories of Risk

16. As already stated, a risk is “something happening that may impact on the achievement of our objectives”. This may be an event occurring outside of our organisations (such as a natural disaster or changes in legislation) or the event may occur internally (for example the departure of key staff or failure of computer technology). The list of **Categories** below is not exhaustive but may assist with the risk identification process.

Category / Description	Category / Description
<p><b>External</b> This includes risks arising from:</p> <p><b>Political</b> factors such as change in government or government policy  <b>Economic</b> factors such as competition costs  <b>Legal and regulatory</b> obligations such as compliance with health and safety laws and regulations  <b>Environmental</b> issues such as pollution  <b>Infrastructure</b> issues such as transport system for staff, power supply systems, suppliers, business relationships with partners, dependency on internet and email  <b>“Acts of God”</b> such as floods, earthquakes and fire  <b>Terrorist</b> activity such as bombs or attacks</p>	<p><b>Operational</b> This includes risks arising from:</p> <p><b>Business processes</b> such as the delivery of key services  <b>Human resource</b> issues such as the recruitment and retention of skilled staff  <b>Reputation</b> issues such as events or procedures which may damage our credibility and reputation  <b>Technology</b> such as the failure of key IT systems  <b>Facilities</b> such as a change in the availability or existence of facilities  <b>Health and Safety</b> such as a change in legislation  <b>Stakeholders</b> such as risks experienced by our partners that would have a knock-on impact on GMA meeting its objectives.</p>
<p><b>Financial</b> This includes risks arising from:</p> <p><b>Budgetary</b> issues such as the availability or allocation of resources; fraud or theft of assets  <b>Capital investment</b> issues such as the making of appropriate capital spending decisions.</p>	<p><b>Strategic</b> This include risks arising from:</p> <p><b>Policy decisions</b> by us or others that affect our priorities</p>

## RISK REGISTER

17. The GMA Register is below.

No.	Area	Description	Probability	Impact	Management Plan	Owner	Status
1	Governance	<b>Legislation</b> Non-compliance with legislation.	L	M	<ul style="list-style-type: none"> <li>Maintain membership of key organisations and subscriptions to key agencies which alert the sport to relevant changes.</li> </ul>	Board CEO	O
2	Governance	<b>Administration</b> Overburden of administration to comply with requirements of partners.	M	M	<ul style="list-style-type: none"> <li>Maintain dialogue with funding partners to minimise bureaucracy. Continue to develop a framework of good corporate governance.</li> </ul>	CEO Board SFG	O
3	Governance	<b>Human Resources</b> Difficulty in recruiting and/or retaining staff with key skills and competencies.	H	H	<ul style="list-style-type: none"> <li>Ensure reward structure is in line with the market.</li> <li>Ensure succession planning is in place through training and development plans.</li> <li>Ensure immediate cover could be put in place in the event of an emergency.</li> </ul>	CEO SMT	O
4	Governance	<b>Human Resources</b> Lack of effective succession planning	M	M	<ul style="list-style-type: none"> <li>Encouragement of succession planning through training, development and structured pathways.</li> </ul>	CEO SMT	O
5	Governance	<b>Environment</b> Poor communication due to remote location of some staff.	H	H	<ul style="list-style-type: none"> <li>Encourage regular visits to Head Office &amp; attendance at staff meetings for all staff.</li> </ul>	CEO	O
6	Finances	Board's break even target not achieved Reserves reduced to impractical levels	L	H	<ul style="list-style-type: none"> <li>SFG &amp; Board to monitor and review frequently</li> <li>CEO to review costs &amp; advise Board</li> <li>SFG &amp; Board to amend Business Plan</li> </ul>	CEO SFG Board	O
7	Governance	<b>Insurance</b> Increasing costs	M	M	<ul style="list-style-type: none"> <li>ensure appropriate risk management procedures are in place &amp; monitored</li> <li>ensure effective procurement procedure &amp; annual policy review</li> </ul>	CEO	O

No.	Area	Description	Probability	Impact	Management Plan	Owner	Status
8	Governance	<b>Litigation</b> from commercial suppliers / partners / stakeholders & Members	M	H	<ul style="list-style-type: none"> <li>ensure appropriate risk management procedures are in place &amp; monitored</li> </ul>	Board CEO	O
9	Governance	<b>Fear of Change</b> Lack of calculated risk taking	L	L	<ul style="list-style-type: none"> <li>Ensure change management processes are built into all major projects.</li> <li>Improve internal and external communication to ensure awareness of current situations.</li> </ul>	Board CEO SFG	O
10	Governance	<b>Board Structure</b> Appropriate for continued partnerships	L	M	<ul style="list-style-type: none"> <li>continued active dialogue with funding partners</li> <li>Appointment of Independent Directors</li> <li>Effective &amp; regular Board evaluation</li> </ul>	Board SFG	O
11	Governance	<b>Voice</b> Lack of a strong lobbying voice for GMA	H	M	<ul style="list-style-type: none"> <li>Endeavour to ensure groundsmanship is represented on major forums and work with agencies to ensure voice is heard.</li> </ul>	Board CEO	O
12	Financial control	Lack of effective & timely controls - or failure to apply them	M	H	<ul style="list-style-type: none"> <li>Budget and forecasting schedules in place. Continue to improve reporting to budget holders.</li> <li>Put in place procurement &amp; approval policies</li> </ul>	CEO SFG	O
13	Marketing	Existing or new products not delivering results	L	H	<ul style="list-style-type: none"> <li>Continue to monitor <b>and liaise with</b> partners with an involvement and ensure crisis management plan is in place</li> <li>Limit financial risk by insurance or contingency plans.</li> </ul>	SFG CEO SMT	O
14	Marketing	Breakdown of Relationship with Commercial Partner	L	H	<ul style="list-style-type: none"> <li>Ensure that contracts are in place and risks are on Register</li> </ul>	CEO	O

15	Marketing	Inaccurate information being fed into the industry about the GMA	H	L	<ul style="list-style-type: none"> <li>Monitor all relevant forms of media</li> <li>React to any negative statements or articles in a considered and constructive way</li> </ul>	CEO	O
16	Finances	Loss of NGB funding for various projects	M	H	<ul style="list-style-type: none"> <li>Work closely with NGB's to foster a good relationship</li> <li>Start dialogue on funding and future planning as early as possible prior to funding cycles</li> </ul>	CEO SFG SMT	O
17	Finances	Cancellation of Key Events – SALTEX & Awards	L	H	<ul style="list-style-type: none"> <li>Limit financial risk by insurance and contingency plans.</li> </ul>	CEO SFG	O
18	Finances	IT system failures & overruns	M	H	<ul style="list-style-type: none"> <li>Employ relevant experts to help monitor and advise on systems</li> <li>Ensure appropriate risk management procedures are in place and monitored</li> <li>Oversee and control projects where necessary</li> </ul>	CEO SMT	O

## MONITORING/REPORTING

18. Once a risk management process has been developed and control responses implemented we need to obtain assurance on the effectiveness of our actions; we must review periodically the risks we have identified to ensure they reflect the changing environment.

19. GMA will implement the following reporting and review mechanisms:-

**Board:** It is the Board who is the *primary risk owner* for Risk matters in GMA. The Board will review annually.

**CEO and Senior Management Team:** It is their responsibility to review the Register at least quarterly: and each year they are required to undertake a full risk assessment and update the Risk Register, for Board approval.

20. **Embedding** We will work towards ensuring that the processes designed to manage risk are built into our everyday business practices and procedures. The benefits of this will include:

- Greater management focus on issues that really matter
- Reduction in management time spent fire fighting
- Fewer “surprises”
- More focus internally on doing the right things in the right way
- Greater likelihood of achieving business objectives
- More informed risk taking and decision making.

21. We will specifically use the following measures to embed our risk management process:

- **Goal alignment:** we will align operational and individual objectives with our overall strategic priorities.
- **Job descriptions:** we include risk management roles and responsibilities explicitly within individual job descriptions and require risk management as a core competency.

- **Risk taking:** we will recognise and reward informed risk taking and problem prevention and encourage staff to actively participate in the risk identification and management process.
- **Performance measures and early warning indicators:** Where judged appropriate, we will develop performance measures for effective risk identification and ensure these are appropriate and sufficiently focused on future goals so that they can act as an effective early warning system.
- **“No blame” culture:** We will balance individual responsibility with a “no blame” culture in which individual mistakes are tolerated, quickly learned from and used for the benefit of the whole organisation.
- **Inclusiveness:** We will include risk management in as many policy documents and procedures as possible and not treat risk management as a separate exercise to be undertaken in isolation.
- **Benefit realisation:** We will ensure that our staff understand the purpose of their roles and effectively communicate the benefits of risk management to them personally as well as to the whole of the sport.
- **Training and education:** We will engage in a programme of training and education as a key means of changing the culture to one that is willing to accept risk management.
- **Success and failure:** We will publicise success stories across the sport and encourage management to share lessons learnt from things that did not go according to plan.

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# APPENDIX

## Glossary of Key Terms

<b>Assurance</b>	Gaining (independent) confirmation that our risk assessment and control responses are appropriate, adequate and achieving the effects for which they were designed.
<b>Strategic Risk</b>	The risks we have identified that affect the ability of the organisation to achieve its objectives.
<b>Operational risks</b>	The risk we have identified that affects our ability to fulfil everyday functions and processes.
<b>Control</b>	A control is a process, procedure or action that is undertaken and if it is effective reduces the likelihood of a risk cause from occurring
<b>Control rating</b>	Identifies the effectiveness of a control
<b>Embedding risk management</b>	Ensuring that our risk management strategy and process is built into the objectives, functions and processes within every level of the GMA
<b>Impact</b>	The effect (High, Medium, Low) that a risk would have on us if it occurred.
<b>Probability</b>	The probability (High, Medium, Low) of a risk occurring.
<b>Primary risk owners</b>	The officers who have overall responsibility for managing and reporting the risks assigned to them. They also have the authority to ensure that the right actions are being taken.
<b>Control Assessment</b>	The classification (Strong, Acceptable, Needs Improvement or Very Weak) we give to a risk response or control based on the effectiveness of that response in reducing the risk.
<b>Risk</b>	Something happening that may impact on the achievement of our business objectives. It includes risk as an opportunity as well as a threat.
<b>Risk appetite</b>	The level of risk we are prepared to accept or tolerate before we consider action necessary.
<b>Risk assessment</b>	The process by which we identify and assess the risks associated with our activities within each level of the organisation.
<b>Risk management</b>	A systematic process by which we identify, analyse, evaluate, treat, review and monitor the impact of risks in a cost-effective way.
<b>Risk register</b>	A document for capturing important information about each risk we identify. It includes a brief description of the risk, the objective it affects, its likelihood, impact and rating, how we are controlling it at the moment and details of the risk owners.
<b>Risk response</b>	An action or process that we currently have in place to either reduce a risk to an acceptable level or increase the probability of a desirable outcome