

What are Risk and Sustainability?

Risk

Risk is defined as uncertainty of outcome of actions and events, whether a positive opportunity or a negative threat. Risk Management entails identifying and assessing risks and then responding to them appropriately.

Any project carries a degree of risk and you should be prepared to address difficulties at any stage. If you are invited to make a Stage 2 Application, we will ask you detailed questions about the risks that might affect your project, so it is a good idea to think about these from the outset.

Typical Risks

What *are* the risks commonly encountered when undertaking projects? The following list is not comprehensive, but it will give you a flavour of what to look out for:

- Applicant organisation – your track record, capacity to deliver, project management skills or experience, internal controls, financial stability
- Demand – unforeseen fluctuations, effect of competition
- Operational context – conflicting demands from other activities
- Finance – sources of funding, capacity to raise more, ability to service loans, revenue implications, viability, sustainability
- Procurement – best value, project management
- Cost increases – inflation, funding shortfalls
- New technology or obsolescence
- Regulation – impact of changes in law or statutory controls
- Taxation – changes in tax regime
- Reputation – how much damage can be done to you or your partners?
- Actual or perceived conflicts of interest

Capital Projects only:

- Site or asset acquisition – negotiations, cost etc.
- Planning permission – onerous conditions
- Design – fitness for purpose, quality, lifecycle, maintenance requirements, sustainability, environmentally-friendly
- Construction / service delivery – dependencies on contractor(s), timetable, quality control

Risk Assessment

To make a judgement about the level of risk associated with a particular project, and the consequential measures you should put into effect to manage or control that level of risk, you need to consider two aspects:

- What is the probability of that risk occurring – high, medium or low?
- What would be the impact if the risk did occur – high, medium or low?

You can plot these on a simple matrix:

High Probability Low Impact	High Probability Medium Impact	High Probability High Impact
Medium Probability Low Impact	Medium Probability Medium Impact	Medium Probability High Impact
Low Probability Low Impact	Low Probability Medium Impact	Low Probability High Impact

Obviously, the higher the probability and impact, the more effective your risk management actions need to be.

A third aspect to consider is 'cause' – if you can eliminate the root cause of the risk, then the rest doesn't matter!

Risk Management

Having assessed your risks, what do you do about them? There are four common responses: Transfer, Tolerate, Treat, Terminate.

- Transfer – For some risks the best response may be to transfer them. This might be done by persuading (even by paying) a third party to take the risk in another way, or by conventional insurance.
- Tolerate – Your ability to do anything about some risks might be limited, or the cost of taking any action might be disproportionate to the potential benefit gained. In such cases the response might simply be to tolerate them.
- Treat – by far the greatest number of risks will be treatable, the purpose of which is not necessarily to eliminate the risk but more likely to contain it to an acceptable level via internal controls (though the effects might be felt externally).
- Terminate – Some risks will only be treatable, or containable to acceptable levels, by terminating or aborting the activity.

If you proceed to a Stage 2 Application, you will be able to discuss appropriate risk management action with your Sport England Development Manager .

Sustainability

We will want to know how your project will continue once any Sport England funding has ceased. This might include consideration of other funders, income-generation programmes or main-streaming of the project by a parent organisation or Local Authority. When you consult with your partners about your project, make sure that you consider how the achievements of your project will be sustained into the future to enable many others to benefit.