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SRA Strategic Risk Update

Purpose

- 1 This paper provides the SRA Board with a progress report on the SRA Strategic Register (SRR) and an annual update on our approach to risk management.

Recommendation

- 2 The Board is asked to:
 - a) agree the Strategic Risk and Residual Risk Level Report (annex 1)
 - b) agree the revised Strategic Risk Register (annex 2)
 - c) note the update on the review of the Risk Management Framework.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, liz.rosser@sra.org.uk

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SRA Strategic Risk Update

Background

- 3 Risk in the organisation is managed in accordance with the SRA Risk Management Framework (RMF). This sets out responsibility for managing risk in the SRA together with the reporting arrangements for the Executive Team, Audit and Risk Committee (ARC) and the SRA Board. The Strategic Risk Register (SRR) is reviewed regularly and reported to the Board three times a year as part of our performance reporting.
- 4 The Executive Team considered our key organisation risks and agreed general updates to the SRR. These were subsequently reviewed by the Audit and Risk Committee on 10 December 2024.

Strategic Risk Register (SRR)

- 5 The Strategic Risk Register comprises the following risks:
 - Regulatory Focus (SRR1)
 - Equality, Diversity, and Inclusion (SRR2)
 - Technology (SRR3)
 - Risk Based Regulation (SRR4)
 - Investigation and Enforcement (SRR5)
- 6 The Committee received the latest updates to the Strategic Risk Register at its meeting on 10 December 2024. The Committee noted the changes within SRR1 and agreed that this helped to better distinguish this risk from SRR4. Overall the Committee was content with the risk register and the ratings assigned.
- 7 The risks are summarised in annex 1, and the full details of all the risks held on the SRR are contained in annex 2.

Risks escalated or downgraded between the Strategic and Mid-tier risk registers.

- 8 There were no risks that were escalated or downgraded between the above registers since the last report to the Board.

Risk Management Framework (RMF)

- 9 During our annual review of the RMF it was acknowledged that our corporate thinking on risk is evolving. We recognise that there has been an artificial divide between 'internal' and 'external' risk that we wish to move beyond, more fully integrating our approach to risk. We also recognised that there were two types of clear 'external'/market risks – those that are live and current (such as high-volume claims), and those that are emerging risks, and that a system was needed to identify emerging risks, which would be facilitated by the data strategy.

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- 10 Cultural change was needed with the evolution of the Risk and Intelligence Framework (RIF) and placing the RMF as the overarching structure under which both internal/operational and market risks were managed.
- 11 The Committee agreed that the Executive return to ARC in March 2025 with a progress update, including how market risks are being identified, amendments to the RMF, including the approach to market risks and these being identified within the MRR/SRR framework.

Recommendations: the Board is asked to:

- a) agree the **Strategic Risk and Residual Risk Level Report (annex 1)**
- b) agree the revised **Strategic Risk Register (annex 2)**
- c) note the update on the review of the **Risk Management Framework.**

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic or mid-tier risks

- 12 The recommendations affect the organisation's Corporate Strategy/Business Plan as, if the strategic and mid-tier risks are not managed effectively, this could adversely impact on our ability to successfully deliver our key objectives. It may also have a reputational impact.
- 13 This work will underpin our commitment to improving our operational performance and making justifiable decisions promptly, effectively, and efficiently.

How the issues support the regulatory objectives and best regulatory practice

- 14 Effective risk management procedures, combined with robust internal controls, will enable the SRA to deliver its regulatory objectives.

Public/Consumer impact

- 15 Effective risk management procedures, combined with robust internal controls, helps to protect the public.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 16 The SRR is discussed by the Executive Team, Director Team, reviewed by ARC and is reported to the SRA Board regularly.

What equality and diversity considerations relate to this issue?

- 17 Risk management is embedded across the organisation and any risks associated with EDI will be captured within risk registers as appropriate. There is also a specific risk in the SRR around EDI.

How the work will be evaluated

- 18 As part of the ongoing risk assurance programme of strategic and mid-tier risks, the documented control measures will be reviewed and assessed to determine the effectiveness in managing the SRA risks.

Annexes

- Annex 1 Strategic Risk and Residual Risk Level Report**
Annex 2 Strategic Risk Register

NB: the annexes to this paper will not be published as they include discussion of risk that might be exacerbated by publication.