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This paper will be published

SRA Strategic Risk Update

Purpose

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

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 verbal update on the ARC discussion at its 2 September meeting
 - d) agree the proposed changes to 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. Given the scheduling of meetings a verbal report will be provided on the discussions at ARC. In line with the Board agreed reporting arrangements this will include new and noteworthy entries, shifts and developments in the risk environment.

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 2 September which covered changes to the strategic risks, including updates on progress of activities.
- 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

- 9 The Committee considered the latest updates to the Risk Management Framework in relation to the Risk and Data programme, including the further changes which it had requested. A verbal report on the Committee's discussion and recommendations will be provided at this meeting.
- 10 The main changes include:
 - a. Updates to the roles and responsibilities as agreed with the Board and reflected

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- in the LSB Directions.
 - b. Updates as a result of work in the Risk and Data Programme.
 - c. Additional contextual information (such as defining likelihood at paragraph 38).
 - d. Explanation of market risks.
 - e. Categorisation of market risks in line with the regulatory objectives.
 - f. Impact tables for market risks.
 - g. Risk appetite for market risks.
 - h. Understanding Harms.
- 11 The Committee was asked to discuss Appendix H which sets out our approach to thinking about harms as the basis of identifying and prioritising action to address external risks, including market risks, which is a key element of the risk assessment process.
- 12 The Committee was also asked to discuss the market risks which have been identified through the Risk and Intelligence Framework and have been added to the mid-tier risk register, as well as the other issues which have been identified but did not merit inclusion on the register at this time.

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 verbal update on ARC discussion on the Risk and Data Programme**
- d) agree the proposed changes to the Risk Management Framework (annex 3).**

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Supporting information

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

- 13 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.
- 14 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

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

Public/Consumer impact

- 16 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?

- 17 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?

- 18 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

- 19 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**
- Annex 3 Risk Management Framework**

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