

SRA BOARD

22 June 2020

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*This paper will be published***SRA Strategic Risk Update****Purpose**

- 1 This paper provides the SRA Board with the Strategic Risk Register (SRR) for the second quarter ended 30 April 2020.

Recommendation

- 2 The Board is asked to:
 - a) discuss and comment on the Strategic Risk Register (see annex 1)
 - b) note the progress taking place on the further developments of risk governance and risk management.

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

Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos
<p>There are no direct Equality, Diversity and Inclusion considerations in the report.</p> <p>Embedding EDI forms an integral part of the risk assessment process underpinned by the SRA Risk Management Framework.</p>	N/a

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SRA Strategic Risk Update

Introduction

- 3 Risk in the organisation is managed in accordance with the SRA Risk Management Framework (RMF). This sets out responsibility for managing strategic and operational risks together with the reporting arrangements for the Executive, Finance and Audit Committee and the SRA Board. The SRR forms part of how we manage risk and is reviewed regularly and reported to Board quarterly.
- 4 The Senior Management Team reviewed our key organisational risks on 30 April 2020 and agreed updates to the Strategic Risk Register (SRR). This was subsequently considered and discussed by the Finance and Audit Committee at its meeting on 12 May 2020.

Risk Update

- 5 Since the previous report to the Board, the total number of risks on the SRR has reduced from seven to six.
- 6 A risk relating to the recruitment of staff has been demoted to the Mid-tier Risk Register and a second HR related risk has been closed.
- 7 One new risk has been added to the register, SRR 10, as a result of the Covid-19 pandemic. Originally developed as a business continuity matter, at the SMT meeting on the 30 April the risk descriptor and controls were updated to reflect the transition from a business continuity scenario to the 'new norm' status and the ongoing challenges in delivering our regulatory operations. Further information on this and other risks on the SRR is contained in annex 1.
- 8 During quarter three, it is anticipated that there will be further changes to the strategic risk register as progress continues with key work programmes, including regulatory reform; SQE, Modernising IT programmes, and Anti Money-laundering activities. The full impact of COVID-19 on our regulatory operations in the medium to long term remains unclear. However, the executive continues to monitor the situation closely and to plan for business as usual activities as much as possible.

Risk Management development

- 10 The Board will recall that the output of the risk workshop in December 2019, included two aspects:
 - a) SRA Board role:
 - The principle focus of strategic risks should be on external factors i.e. key political and legal developments including technological advancement; the implications of

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government activity; developments arising from the work of key organisations; and underpinning this approach, horizon scanning on key developments and the impact of this on the SRA.

- Strategic risks outside of 'risk appetite' to be approved by the Board

b) Risk Management Framework - changes:

- The inclusion of risk 'triggers' in the risk register.
- Increased clarity on definitions.
- Provision of clear, contextualised explanation of the relationship between risk and issues.
- Inclusion of examples of lessons learned to aid staff understanding.
- Simplification of risk appetite descriptions

Work on changes to the Risk Management Framework are progressing and will be shared with the Board in due course.

- 11 Members agreed to hold a further risk workshop to consider the SRR in the context of developing the next iteration of the Corporate Strategy and subject to the impact of Covid-19- this is due to take place at the next Board meeting on 14 July 2020.

Recommendations: The Board is asked to:

- a) discuss and comment on the Strategic Risk Register (see annex 1)**
- b) note the progress taking place on the further developments of risk governance and risk management.**

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Supporting information

Links to the Corporate Strategy and/or Business Plan

- 12 Having effective risk management and monitoring procedures in place, ensures that we can understand, mitigate and manage potential risks that could harm our ability to deliver our defined corporate strategy and business plan.

How the issues support the regulatory objectives and best regulatory practice

- 13 By having an agreed risk management and assurance processes in place we can ensure that we have effective controls and we can be confident that we are meeting our regulatory objectives in the best way for the organisation, while meeting the better regulation principles. Failure to have good assurance in these areas could be a contributory factor to bad or inefficient decision making.

Public/Consumer impact

- 14 The SRR ensures that we are effectively managing risks that may impact on the public and consumers. This paper and regular Board review also provides confidence that we manage the governance around our risk register effectively.

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

- 15 The register reflects wider external engagement where appropriate.

What equality and diversity considerations relate to this issue?

- 16 Strong risk management and effective controls will ensure we are able to manage areas where equality and diversity issues may exist.
- 17 Our commitment to mainstreaming EDI throughout our work means that it is a consideration in all our risk management.
- 18 Our Risk Management approach specifies EDI in key areas. This is reflected across the range of risk categories articulated in the risk appetite statements contained within the Risk Management Framework.

How the work will be evaluated

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

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Annex 1 Strategic Risk Register

NB: This annex will not be published as it includes sensitive information.