

**SRA BOARD**  
7 December 2021



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*This paper will/will not be published*

### **SRA Strategic Risk Update**

- 1 This paper provides the SRA Board with the Strategic Risk Register (SRR) for the fourth quarter ended 31 October 2021.

#### **Recommendations**

- 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 ongoing development of risk management.

**If you have any questions about this paper, please contact Liz Rosser, Executive Director Resources, [Liz.rosser@sra.org.uk](mailto:Liz.rosser@sra.org.uk)**

#### **Equality, Diversity and Inclusion considerations**

<b>Consideration</b>	<b>Paragraph nos</b>
Equality, Diversity, and Inclusion considerations in the report are incorporated as a specific risk. And these considerations also underpin our wider risk assessment process, for instance, within the SQE.	Annexe 1 - SRR 4 and SRR 1

## SRA Strategic Risk Update

### Background

- 3 Risk in the organisation is managed in accordance with the SRA Risk Framework (RMF). This sets out responsibility for managing strategic and operational risks together with the reporting arrangements for the Executive, Audit and Risk Committee and the SRA Board. The Strategic Risk Register (SRR) forms part of how we manage risk and is reviewed regularly and reported to the Board quarterly.

### Discussion

- 4 The Senior Management Team reviewed our key organisational risks on 21 October 2021 and agreed updates to the SRR. The quarterly report was subsequently reviewed by the Audit and Committee on 18 November 2021.
- 5 Since the last report to the Board, the total number of risks on the SRR has remained unchanged at five. Risks include the SQE, AML activities, Resources, Equality, Diversity and Inclusion, and response to legislative/policy changes impacting the Legal regulatory framework. The Executive continues to manage these risks closely and to report progress to the Audit and Risk Committee and SRA Board.
- 6 The dashboard below indicates individual changes to the residual level of risk (where applicable) and the status of each risk in relation to the agreed appetite/tolerance level.
- 7 With respect to SRR 3 - SRA resources, the residual likelihood of this risk materialising has been downgraded from Unlikely to Very Unlikely resulting in the overall risk rating reduced to Green three. Also, as a result of this change, SRR 3 is now rated as being within appetite.

### Strategic Risk - Dashboard

	Strategic Risks – Quarter 4 (August - October 2021)				
	SRR 1	SRR 2	SRR 3	SRR 4	SRR 5
Inherent	A12	R16	A12	A12	A12
Residual	A8	A8	G3	A6	A9
Target risk	A8	A8	G3	G3	A9
Change	→	→	↓	→	→
Within appetite	No	No	Yes	No	No
Within tolerance	Yes	Yes	Yes	Yes	Yes

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- 8 A robust monitoring process is in place to ensure that the Board is fully sighted on progress of these risks where appropriate, including escalation to the SRR, monitoring through the balanced scorecard and reporting through, for example, the Chief Executive's report.

**Risk Management development**

- 9 Good progress continues to be made on the development of the Horizon Scanning Programme led by our Research and Analysis team with the formation of the Horizon Scanning Forum. The Forum met in November to identify the priority risks to our regulation that the programme should focus on initially. This included consideration of what the Forum and organisation should do to manage the threats and maximise the opportunities arising from those risks, for recommendation to the Executive.
- 10 The Board has asked to undertake a deeper dive into the strategic Risk Register to consider whether it remains appropriate and valid and whether any additional risks should be included. In preparation for that, the Audit and Risk Committee is undertaking a workshop to review the Strategic and Mid-tier Risk Registers in detail, working with the Risk owners to ensure full understanding. The output from that session, together with any recommendations around potential other emerging strategic risks, will be fed into the deep dive at the Board. This is scheduled for February 2022.

**Recommendations: the Board is asked to:**

- (a) discuss and comment on the Strategic Risk Register**
- (b) note the progress taking place on the ongoing development of risk management.**

**Next steps**

- 11 The deeper dive into the Strategic Risk Register is scheduled for the Board workshop on 1 February 2022.

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### **Supporting information**

#### **Previous Board consideration**

- 12 The Board receives SRA Strategic Risk Reports on a quarterly basis and undertakes periodic risk workshops as it feels appropriate to maintain effective oversight of how the SRA manages risk in the organisation. The third quarter report came to the Board in September 2021.

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

- 13 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**

- 14 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**

- 15 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**

- 16 The register reflects wider external engagement where appropriate.

#### **What equality and diversity considerations relate to this issue?**

- 17 Strong risk management and effective controls will ensure we are able to manage areas where equality and diversity issues may exist.
- 18 Our commitment to mainstreaming EDI throughout our work means that it is a consideration in all our risk management.
- 19 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.

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**How the work will be evaluated**

20 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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**Date** 17 November 2021

**Annexes**  
**Annex 1** **Strategic Risk Register**