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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 covering the Quarter 4 (August - October 2023) period of the SRA Strategic Register (SRR).

Recommendation

- 2 The Board is asked to:
 - a) consider the Strategic Risk and Residual Risk Level Report (annex 1)
 - b) Consider the revised Strategic Risk Register (annex 2).

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 Director Team (previously SMT), Audit and Risk Committee (ARC) and the SRA Board. The SRR is reviewed regularly and reported to the Board as appropriate.
- 4 The Executive Team met to discuss the draft Strategic Risk Register (SRR) followed by the Director Team who considered our key organisation risks on 14 November 2023 and agreed updates to the SRR. These were subsequently reviewed by the Audit and Risk Committee on 28 November 2023.

Strategic Risk Register

- 5 At the September Board meeting, the Board considered the new Strategic Risk Register which had been significantly reworked to reflect the Board's discussions on risks emerging in the light of the development of the new Corporate Strategy for 2023-26. It was agreed that further discussion by the Executive and Audit and Risk Committee would now take place, including on risk appetites and ratings, and a further version of the SRR would be brought to this meeting.
- 6 Those discussions have taken place and, as a result, the number of risks has further reduced from five to four as shown below:
 - Regulatory scope (SRR1) (now incorporating previous Risk Based Regulation (SRR4))
 - Equality, Diversity, and Inclusion (SRR2)
 - Technology (SRR3)
 - Investigation and Enforcement (SRR4)
- 7 The rationale for and detail of the changes to the SRR agreed at ARC is as follows:

SRR1/SRR4 - it is proposed to combine these risks into SRR1. The real risk in both cases are considered to be around failing to focus on the right things, and that the previously articulated risks were just factors which might cause this risk.

SRR2 - wording has been changed to reflect expectation management and recognising that there is a limit to what the SRA is able to do to impact diversity in the profession.

SRR3 - wording has been changed to reflect the nature of the risk which is to keep on top of developments.

SRR4 - the wording remains the same, but with more detail included on triggers and impacts with the risk ratings updated to reflect the changing nature of the risk.

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The Committee also considered appetite, with only one risk (SRR4: Investigation and Enforcement) sitting outside of our risk appetite.

- 8 Following detailed discussions on the proposed changes to the new SRR, the Chair of ARC confirmed that the Committee was content with the risks and descriptors overall. ARC noted that there were not many risks on the SRR, but it was understood that the reason for this was because a separate Mid-tier Risk Register (MRR) sits behind the SRR. The Board is able to rely on ARC's scrutiny of the MRR twice per year but it was agreed to share the nature of the risks on the MRR with the Board for awareness. The MRR will be discussed at the next meeting of ARC on 11 March 2024.

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

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

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)**.

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Supporting information

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

- 10 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.
- 11 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

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

Public/Consumer impact

- 13 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?

- 14 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?

- 15 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

- 16 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.