

**SRA BOARD**  
6 December 2022



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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 2022) period of the SRA Strategic Register, the updating of the Risk Management Framework, and risk management development.

### **Recommendation**

- 2 The Board is asked to:
  - a) discuss and comment on the Strategic Register (see annex 1)
  - b) note the progress 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)**

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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 strategic and operational risks together with the reporting arrangements for the Executive, Audit and Risk Committee (ARC) 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.
- 4 The Senior Management Team reviewed our key organisation risks on 15 November 2022 and subsequently agreed updates to the SRR. These were reviewed by the Audit and Risk Committee on 24 November 2022.

### Strategic Risk Register

- 5 Since the last review by the Board on 13 September 2022, the number of risks and the risk ratings have remained the same. Risks include the SQE, AML activities, Resources, Equality, Diversity and Inclusion, response to legislative/policy changes impacting the Legal regulatory framework, response to changes in the structure of the legal market and our investigation and enforcement activities. The Executive continues to manage these risks closely and to report progress to the Audit and Risk Committee and SRA Board.

### Strategic Risk - Dashboard

	Strategic Risks					
	SRR1	SRR2	SRR4	SRR5	SRR6	SRR7
	SQE	AML	EDI	Policy	Policy	I and E
Inherent	A12	R16	A12	A12	A12	R16
Residual	A8	A8	A6	A9	A9	A12
Target	A8	A8	G3	A9	A9	G3
Change	→	→	→	→	→	→
Risk Appetite	Cautious	Cautious	Cautious	Open	Open	Cautious
Within risk appetite	No	No	No	No	No	No
Within risk tolerance	Yes	Yes	Yes	Yes	Yes	No

Note: -

1. **Risk appetite** - The amount of risk the organisation is willing to accept in pursuit of achieving our strategic objectives. It is directly related to the SRA strategy.
2. **Risk tolerance** - Our readiness to bear the risk after risk treatment has been taken to achieve our objectives.

(Sources - SRA Risk Management Framework)

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- 6 The dashboard has been expanded to include risk appetite and tolerance for each Strategic risk.

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

- 7 There has not been any escalation or demotion of risks between the SRR and Mid-tier risk registers during the period under review.

**Closed Risk**

- 8 The number of risks on the SRR remains unchanged.

**Risk Management Framework**

- 9 At the September ARC meeting, the Committee received a report on the annual review of the SRA Risk Management Framework, which has been updated to reflect the ongoing development of risk management in the SRA.
- 10 The original plan was to bring the updated Risk Management Framework to this Board meeting. However, in reviewing the Mid-tier risk register (MRR), it was decided that further consideration was needed on the application of risk tolerance to the risks on the MRR. ARC has agreed to consider this further at its next meeting and to bring this to the March meeting of the Board.

**Risk Management development**

- 11 The Horizon Scanning Programme led by our Research and Analysis team, continues to meet on a quarterly basis to identify priority risks to our regulation, manage threats, and maximise the opportunities arising from those risks, for recommendation to the Executive.
- 12 Members of the Horizon Scanning Forum met on the 6 September and discussed the risks they are tracking. The programme is currently carrying out a risk identification exercise for the year ahead. At the next meeting of the Forum on 6 December, programme delegates will agree on and categorise the proposed list of priority risks, which will go to the Executive Policy Forum (EPF) for approval. They will also review the programme's progress over its first year.

**Recommendations: The Board is asked to:**

- a) discuss and comment on the Strategic Register (see annex 1)**
- b) note the progress on the ongoing development of risk management.**

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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 There is no direct consumer impact because of this work.

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

- 17 The SRR will be reported to the SRA Board.

#### **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.

#### **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.

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<b>Annex 1</b>	Strategic Risk Register

*NB: the annex to this paper will not be published as it includes discussion of risk that might be exacerbated by publication.*