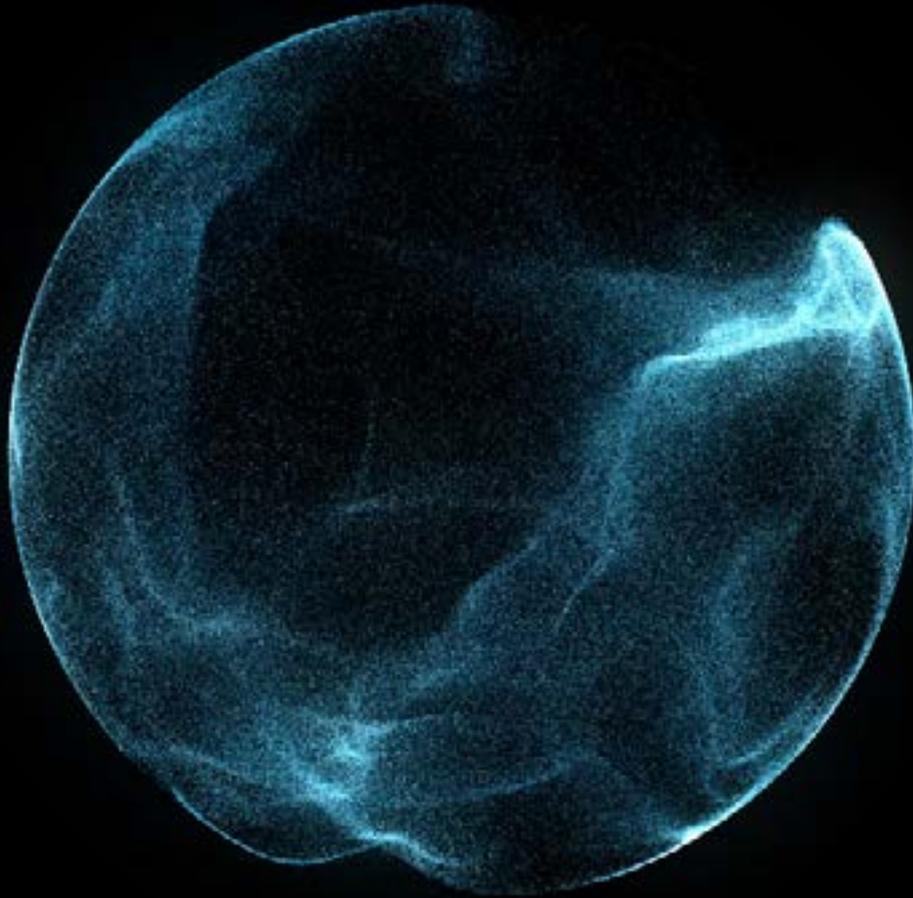


**Deloitte.**



Operational  
Resilience  
programme  
governance





In December 2019 the PRA and FCA released joint Consultation Papers (CP) outlining their proposals designed to improve the operational resilience of the UK financial services (FS) sector. The joint CP closed for comments in October 2020 and the regulators published their final Policy Statements on 29th March 2021.

In Q3 2020 we conducted a survey of FS firms to understand their preparedness for adopting the expected requirements for Operational Resilience. The survey also asked participants to provide insight into their responses to Covid-19. With 47 respondents, the survey provides an opportunity for firms to benchmark their readiness against peers in advance of the expected Supervisory Statements. Our survey report also highlights key action points for the roll out of an Operational Resilience programme in line with the CP and within expected required timelines.

This report extract covers one of the four broad areas of the report:  
View on the Consultation Papers.

Please [click here](#) for the full report overview.

# Contents

Level of Board engagement	04
Operational Resilience programme leader	06
Use of programme tools and applications	07

How much has your Board been engaged with operational resilience since the regulator proposals were published by the PRA and FCA in December 2019?



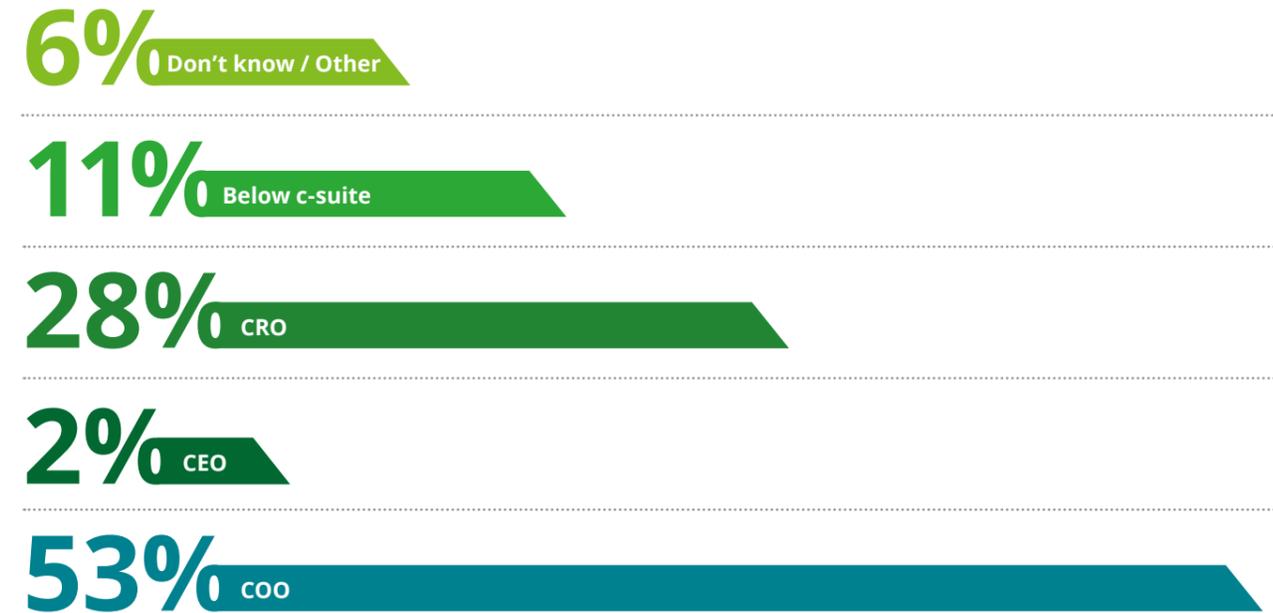
The consultation paper is very clear that the Board should have direct governance over the operational resilience programme, and **91%** had engaged with their Board to some degree. Although 59% of respondents had started on their framework, only **29%** of respondents had formed a response action plan with their Board or better. This seems to indicate that programme progress is outpacing Board communications. Where this gap becomes too large, it can raise the risk of changes to approaches and outputs once the Board is brought up to speed, possibly causing inefficiency and increased costs. If this timing issue of Board input into critical areas occurs, this would cause regulator concern over the effectiveness of the governance in place.

**Insights**

As set out by the regulators, Board oversight is essential. Suitable engagement and transparency to Boards is required to reduce the risk of time and resource investment down a methodology route or outputs that the Board may not agree with and require costly rework. This would also indicate insufficient Board oversight and challenge is in place, as regulators have stipulated is required.



**Who is currently leading work related to operational resilience within your organisation?**



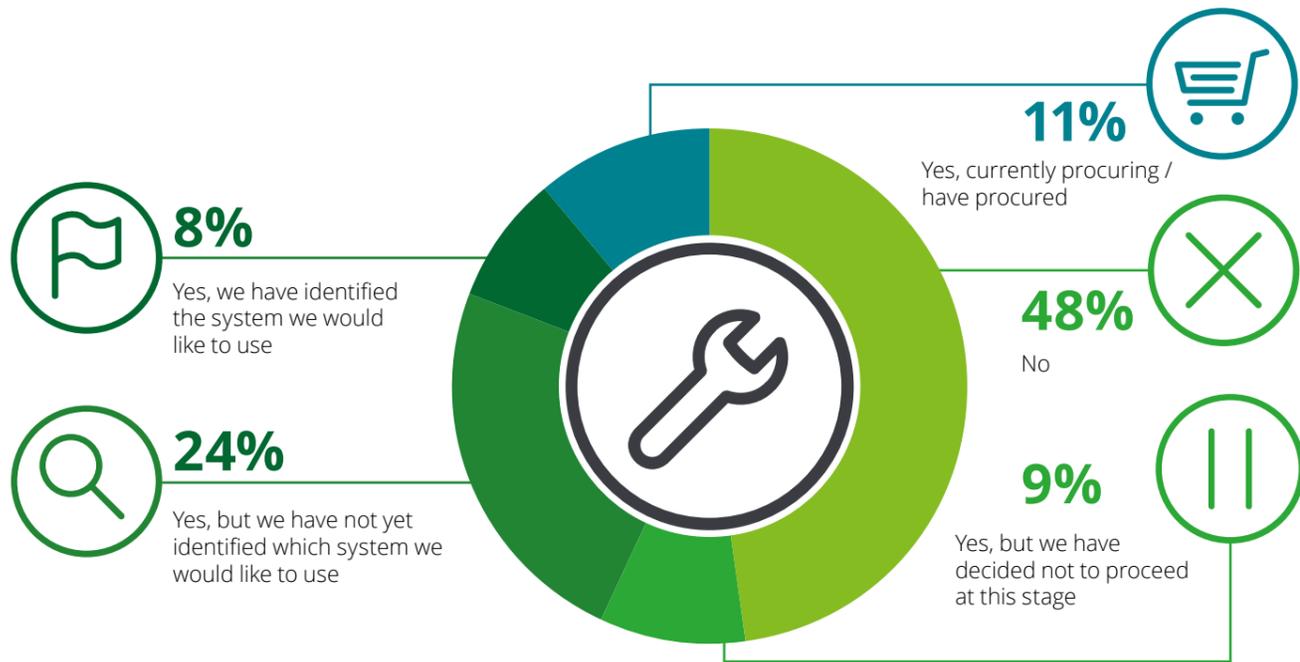
The regulators have stated the SMF24 role as the intended leader and owner for operational resilience programmes, and **53%** of respondents have followed this direction with their COO leading, and **83%** having a 'C-suite' lead. Chief Risk Officers (CROs) (**28%**) are the second most popular option for programme leader. We have seen programmes now moving the lead to the COO, but, it can provide inefficiencies and elevated costs if delayed and a new lead changes some decisions. Not having any C-suite leader queries the discharging of SMCR responsibilities. This should be reassessed as soon as possible where it is occurring.

**Insights**

Having the correct leadership of the operational resilience programme is key, both from the perspective of the CP, but also under suitable SMCR expectations. This is beneficial to have fixed and transparent from the start. Without this, there is a risk that critical elements are not appropriately identified and integrated into the Framework, possibly only highlighted when an event occurs. Change of leadership, to align to the regulation, later down the line could change the direction of the programme and, like a lack of Board oversight, can cause inefficiency and costly rework. Given the programme stretches across the whole business, transparency of leadership and structure is key.



**Have you considered utilising a “tool, application or database” to assist in meeting the requirements, as suggested by the PRA in its Consultation paper?**



Technological support for regulatory implementations and maintained compliance can prove to be extremely valuable. We have already seen teams collating all programme information in spreadsheets, which have already become overly complex, thus unworkable and unmaintainable. The regulator is also looking for a clear and consistently applied methodology, and stakeholders will highly benefit from easily maintainable and quickly accessible live management information (MI) to be able to govern the programme. As such, a technological solution can facilitate all of this. It can also offer an acceleration to programmes, key as we have seen above in many cases programmes are behind timelines for implementation. Over half (**57%**) of respondents have not considered the use of a system to assist with their programme or have chosen not to use one yet. This possibly indicates that the roadmap setting out how complexities of the requirements will be addressed may be in the early stages of consideration (41% of respondents were not yet at the analysis and design stage for their framework). **19%** have identified their chosen solution or are in / have completed procurement.

**Insights**

Using a system will be a large accelerator for firms, helping with consistency of approach, embedding a methodology, ease of maintenance in business-as-usual and also providing a simple and efficient option for production of key MI for programme governance and maintenance.



**Deloitte.**

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please click here to learn more about our global network of member firms.