

	CILEx Regulation Limited
Date	22 February 2024
Item	8.02
Title	Strategic Risk Register and risk management development
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Purpose	<p>This paper provides an overview of the proposed development of CRL's risk management framework.</p> <p>It includes a new format for the Strategic Risk Register as well proposed new strategic risks informed by the recently published Corporate Plan and the proposed risk appetite statement, outlined in Paper 8.01</p>
Recommendation	<p>This paper is for discussion. The Board is invited to:</p> <ul style="list-style-type: none"> • Discuss the plans and provide feedback on the approach; • Approve the proposed strategic risks. Provide feedback on the new Strategic Risk Register format. Informed by feedback, a fully populated new SRR will be presented to the May Board meeting for final approval.
Timing	N/A
Impact assessment	Having a more nuanced strategic risk register and associated reporting, which is linked to the strategy, will help ensure the Board focuses on those risks that are critically important and to consider the effectiveness of mitigations. This will further enhance transparency and confidence in CRL's governance and support the active management of risk.
Impact on Regulatory Objectives	A risk appetite statement will provide additional assurance that CRL is actively managing risks associated with the delivery of its regulatory objectives.
Implications for resources	None
Impact on consumer empowerment	Enhanced risk management arrangements will help ensure CRL pays appropriate attention to consumer protection objectives and expectations.
Impact on ongoing competence	Enhanced risk management arrangements will help ensure CRL pays appropriate attention to the LSB's requirements regarding ongoing competence.
Publication status	Risk appetite statement for publication
Appendices	Proposed new strategic risk reporting format

Risk management development

1. This paper sets out proposals for developing CRL's strategic and operational risk registers and management frameworks.
2. Currently, CRL has a 'full risk register' which is reviewed annually and an extract of 'strategic risks', supported by a heat map, which is considered at each Board meeting.
3. Although the current risk registers are comprehensive, they are not aligned to the current strategy or corporate plan. Furthermore, the absence of a documented risk appetite means the risk assessment and scoring is not informed by the organisation's tolerance to particular prevailing risks. Similarly, although the current risk heat map records whether a risk is decreasing or increasing there is no agreed target risk. Inclusion of a target risk, which is informed by an agreed risk appetite, will help the Board consider the impact and suitability of mitigations with the expectations that risks, over time, move closer to the target risk. This in turn provides assurance that risks are being managed effectively and helps focus scrutiny on the most serious risks and any additional control measures that may be required.

Strategic Risk Management

4. A proposed revised set of strategic risks and an outline alternative format for the strategic risk register is provided. This has been completed for one of the strategic risks by way of illustration using information contained in the current risk register. If approved, this format would be worked up into a comprehensive document for all the strategic risks and presented to the Board for final approval at its May meeting.

Operational Risk Management

5. The current full risk register can be best described as an operational risk register. It is proposed that this is reviewed to better align with current business units and work plan priorities, and to produce a risk register which is succinct and user friendly. As part of this review, it is proposed that ownership and accountability for some of the operational risks is extended to function managers. The expectation is that the operational risk register would be reviewed periodically by the Executive Team and function managers at the Monthly managers meeting. This will provide an opportunity for visibility and challenge around the effective management of risks.

Recommendation

The Board is asked:

- To **discuss** the plans and provide feedback on the approach.
- To **approve** the proposed strategic risks and provide feedback on the new reporting format.