



Strategic Risk Committee

ANNUAL

REPORT

2024



Chair's Foreword: Andy Burman

The 2024 calendar year has been a period of review and planning for CILEx Regulation (CRL) and the Strategic Risk Committee (SRC).

I am pleased to report that at the conclusion of that review the CRL Board (the Board), has decided to extend the remit of the SRC to include advising on the corporate risk appetite and risk strategy and oversight of CRL as an AML Supervisor.

I would like to take this opportunity to thank my SRC colleagues for their patience and support and the staff at for their support. I look forward to the coming year being focused on the SRC familiarising itself with its extended Terms of Reference.



Andy Burman, SRC chair

Introduction

This report outlines the work undertaken by the SRC in relation to risk in 2024. It also identifies areas for development of CRL's risk-based approach to regulation.

The functions of the SRC

The SRC provides an oversight function for the review and application of CRL's risk framework and how this should be applied to our entity authorisation processes. In addition, it may determine whether to endorse decisions made by officers to reject or revoke authorisation for CRL's firms. It also oversees supervision of both regulated individuals and practitioners.

The SRC is made up of four members, with one place vacant, comprising Lay and Professional members: Andy Burman, Kim Painter, Vicky Smith and Judith Worthington.

Although the SRC did not meet formally in 2024, both the Chair and Chief Executive of CILEx Regulation met the SRC Chair to discuss how the Board could take advantage of the wealth of knowledge and expertise of the SRC. The SRC Chair kept the members of the SRC updated on these discussions.

It was agreed there should be a closer relationship between the Board and the SRC. Whilst the Board continues to retain overall responsibility for the oversight of CRL's risk management framework, it was agreed that the remit of the SRC should be extended to further improve the scrutiny and management of CILEx Regulation's risk management framework by drawing on the expertise of the SRC membership which includes an independent dimension.

Revision of the SRC's Terms of Reference

The SRC's Terms of Reference were revised so they now include:

- Review and provide advice on changes to CRL's risk appetite statement.
- Review any changes to CRL's Strategic Risk Register and advise on the adequacy of mitigation measures.
- Provide 'horizon scanning' advice to the CRL Board on potential sectoral risks to inform CRL's annual business planning cycle.

AML supervision

As a further addition to its remit, the Board has assigned oversight of CRL's Economic Crime and AML activities to the SRC, although the Executive will continue to make regular reports to the Board. This ensures that the SRC will be well placed to approve the annual AML Sectoral Risk Assessment and the AML Supervision Report before it is presented to the Board for noting.

Other areas of oversight

The SRC noted there was no further update on the progress of CRL's application to become a Designated Professional Body (DPB) under the Financial Services and Markets Act 2000.

Areas for development in 2025

- Review the Terms of Reference for the SRC
- Review the CRL's Risk Appetite Statement
- Review and comment on CRL's Risk Reporting
- Review and approve CRL's AML Sectoral Risk Assessment
- Review and approve CRL's AML Supervision Report 2024-2025
- To provide input into work related to the LSB policy statement on empowering consumers.