

Strategic Risk Register

1 Purpose of the paper.

- 1.1 To provide the Board with an update on the review of the Strategic Risk Register to align with the revised FSS Strategy and to describe the revised risk management framework that has been introduced by the Executive.
- 1.2 The Board is asked to:
 - **Agree** the seven strategic risks set out in Figure 1 be included in the new Strategic Risk Register
 - **Note** the draft Strategic Risk Register (Annex A) which explains the risks in more detail including mitigations.
 - **Note** the draft revised Risk Management Policy and Guidance (Annex B) which reflects the updated risk management processes established within the Executive.

2 Strategic aims

- 2.1 This work supports all of the FSS Strategic outcomes.

3 Background

- 3.1 Corporate Risk and the associated Risk Registers have been the subject of regular discussion by both the Board and ARC and these discussions have resulted in the evolution of how risks are managed and reported within FSS over the years.
- 3.2 Risk continues to be discussed monthly at ELT and Directorate Level and quarterly at ARC in line with published FSS Risk Management Policy and Guidance. The Board held its annual discussion on strategic risk management in February 2021. The Board confirmed they were satisfied with the Level of risk management being undertaken by the Executive, as well as agreeing that their risk appetite statement remained relevant and appropriate, and it should continue to be the baseline for any decision making on risk management issues. Since February 2021 the Board has further discussed the evolution of the new Strategic Risk Register at a seminar in October 2021 and at the Board meeting in November 2021.

4 Discussion

4.1 The format of the Strategic Risk Register became the subject of review following the launch of the new Corporate Plan and Strategy in 2021. The register has been aligned with the key risks areas of delivery identified within the Strategy FSS Strategy.

4.2 The Strategic Risk Register will have been reviewed by the ARC this month following the Board's consideration in 2021 where it was agreed that the risks no 1 – 3 will remain on the strategic risk register and further risks would be identified and presented to the ARC in March. Further feedback of ARC discussion will be provided to the Board at the Board meeting on 16th March.

4.3 Risks 1 – 3 have been revised since the last report and risks 4 & 5 have been newly composed in alignment with the key risk areas identified within the Strategy. Risks 6 & 7 are additional risks proposed for consideration by the Board.

Figure 1

Risk	Current Score	Score Trend
R1 New Wording Event: Disruptions in the supply chain across the food industry and a diversion of regulatory resources to support the public health response. Cause: Workforce absences due to outbreaks or other COVID controls impacting on availability for work. Effect: The integrity of our food supply chain is compromised, introducing food safety risks and opportunities for food crime.	$4*25 = 100$	Wording revised - No Changes to scoring since last report 
R2 New Wording Event: Divergent regulatory frameworks across the UK or regulatory frameworks in Scotland that are not fit for purpose and not based on science and evidence. Cause: FSS failure/inability to adapt and develop suitable regulatory responses or measures that keep pace with, and take account of changes in technology in the food chain or at point of sale etc. Effect: Lack of clarity for FBOs, industry, enforcers and consumers. Unintended consequences with regards to the operation of the Internal Market Act in Scotland	$3*50 = 150$	Wording revised - No Changes to scoring since last report 
R3 New Wording Event: Spread of third party false or negative information in the public domain reaching, or targeted at, FSS audience segments. Cause: Negative publicity, unforeseen events or food related incidents, businesses with contradictory messages looking for commercial gain. The risk applies mostly to digital channels, for example social media. Effect: Brand and reputational damage impacting FSS' authority as a trusted source.	$3*50 = 150$	Wording revised Newly scored

<p>R4</p> <p>New Risk</p> <p>Event: Local Authorities are unable to deliver food law requirements as prescribed in the Food Law Code of practice.</p> <p>Cause: The Public Sector has failed to invest in the training and supply of professional resource, mainly due to funding cuts</p> <p>Effect: The demand for professionally qualified staff within Local Authority Environmental Health and Public Analyst Services far outstrips supply risking the ability to meet statutory food law intervention requirements.</p>	$4*50 = 200$	
<p>R5</p> <p>New Risk</p> <p>Event: Changes to FSS strategy and work plan are needed based on Ministerial decision on our roles and responsibilities.</p> <p>Cause: FSS is directed by Ministers to deliver on new responsibilities or that we have responsibilities relieved from us. Presently potential changes include a risk that the proposed Scottish Veterinary Service (SVS) announced by Mairi Gougeon would remove our meat hygiene inspection functions and the Good Food Nation Bill has scope to expand our remit and responsibilities as it progresses through Parliament.</p> <p>Effect: For SVS a reduction in our staffing and budget for OVs. For GFN potential for FSS growth required to deliver new responsibilities and a commensurate need for additional resources/budget by which to deliver.</p>	$4*25 = 100$	
<p>R6</p> <p>Proposed Risk</p> <p>Event: Continual inconsistent and inadequate service provision provided to FSS from SG Shared Services</p> <p>Cause: Lack of Scottish Government investment in HR Resource, outdated IT, Silo working between SG Recruitment and On boarding teams and a general failure to modernise its approach to recruitment.</p> <p>Effect: Significant delays in FSS recruitment and On boarding has led to a high number of vacancies and vulnerabilities which has placed acute pressures on FSS ability to deliver upon Operational services. This ineffective system could lead to severe criticism and reputational damage from Business Owners, Politicians and National Media.</p>	$4*50 = 200$	Proposed Risk
<p>R7</p> <p>Proposed Risk</p> <p>Event: FSS has been heavily impacted by leaving the EU and actual experience post-exit is bringing significant financial and staffing pressures on pre-existing and ongoing operational delivery</p> <p>Cause: On exiting the EU FSS were required to deliver functions that were repatriated to ensure the effective implementation of food and feed law across Scotland</p> <p>Effect: When law became retained EU law, FSS became legally responsible for a significant number of responsibilities that were previously undertaken by European institutions. This has led to increased demand and new responsibilities for FSS staff across Scotland without the required additional resource uplift to meet demand. Continued insufficient resource to undertake these functions could result in severe criticism for FSS and the Scottish Government.</p>	$4*50 = 200$	Proposed Risk

4.4 On risk 4, the executive have put proposals forward for the Board's consideration at the 16th March meeting but certainly in the short term this will remain an ongoing strategic risk. The Board is being asked to indicate what action in might want to take

On risk 6, there continues to be on-going discussion with HR in particular and there are proposed changes that we hope will make a difference. Other areas of pressure are legal services where while we are content with the expertise SG provides and the advice offered, costs are growing. There is no doubt that problems with recruitment have contributed to pressure on the organisation and indeed the level of underspend that follows. And without staff it is difficult to spend on programme so one problems feeds the other. Introduction of new IT as well as the proposal for a dedicated service for delivery organisations has the potential to help, but on boarding processes present the greatest risk.

On risk 7 again this risk is addressed in the Financial Approach paper being presented to the 16th March Board meeting. Discussion is on-going with SG to seek agreement for increased resources given the practical experience of EU exit. The strategic risk here is that without more resources, FSS would be unable to provide expert advice to Ministers with greater reliance on UKG departments and FSA.

4.5 To provide additional governance and oversight of risks across FSS, an executive Strategic Risk Management Forum (SRMF) was established in December 2021. The SRMF will meet bi-monthly to manage the Level 1 risks. This Executive forum can be assembled at any other point under the direction of its chair.

The SRMF is attended by the following:

- Chair: Deputy Chief Executive - Director of Strategy and Corporate Affairs
- Vice Chair: Deputy Chief Executive - Director of Policy, Science and Delivery
- Members: Division Heads

Strategic risk matrix

Impact	Multiplier	1	2	3	4	5	Total	Trend
Very High	50	Yellow	Red	R2 R3	R4 R6 R7	Red	5	+1
High	25	Yellow	Orange	Orange	R1 R5	Red	2	-1
Medium	10	Yellow	Yellow	Yellow	Orange	Orange	0	-
Low	5	Green	Yellow	Yellow	Yellow	Yellow	0	-
	Multiplier	1	2	3	4	5		
	Likelihood	Rare	Low	Medium	High	Very High		

5 New Reporting Structure

5.1 FSS operates 3 levels of risk registers with discretion at a fourth (project / programme) level to manage our risks accordingly:

Level 1: Covers strategic risks to the organisation as outlined in the FSS Corporate Plan, this is jointly owned by the Executive Leadership Team (executive) and the board (non-executive).

Level 2: Covers the tactical and operational risks faced at a Directorate Leadership Team level that will impact the delivery of the corporate plan.

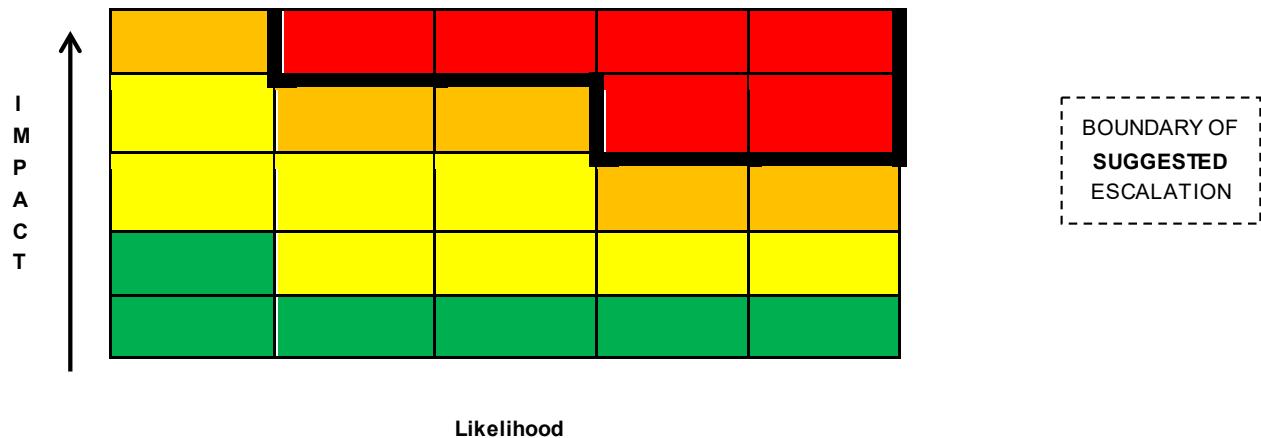
Level 3: Covers Divisional & Branch tactical and operational risks faced in delivering the FSS key programmes of work and the essential core activities both of which seek to deliver the strategic outcomes and corporate plan objectives of FSS.

5.2 The new format Strategic Risk register will cover all Level 1 risks at Strategic and ELT Level. The previous Level 2 ELT risk register will now become the responsibility of the Directorate Governance Group (DGG). Level 3 risk registers will continue to cover tactical and operation risks, allowing organisational risks not suitable for the Level 1 and Level 2 risk registers to be developed and managed effectively at Division or Branch Level.

DGG will be attended by the following:

- Chair: Deputy Chief Executives on rotation
- Members: Division Heads and Branch Heads

5.3 The Executive Directorate Governance Group will actively monitor the DGG risk register and manage this in line with the FSS Risk Management Policy and Guidance.



5.4 In line with our policy on risk escalation, any risks identified as VERY HIGH (RED) or HIGH (RED/AMBER) shall be brought to the attention of ARC via the quarterly report on risk.

5.5 Risk escalation continues to be considered when a risk reaches a level whereby the risk owner can implement no further controls or solutions. The boundary for suggested escalation within FSS is outlined below, however if the risk owner/director deems the risk to be of corporate significance, or beyond their delegated tolerance, they can escalate a risk at any time to the SRMF.

6 Conclusion/Recommendations

6.1 The Board is asked to:

- **Agree** the seven strategic risks set out in Figure 1 be included in the new Strategic Risk Register
- **Note** the draft Strategic Risk Register (Annex A) which explains the risks in more detail including mitigations.
- **Note** the draft revised Risk Management Policy and Guidance (Annex B) which reflects the updated risk management processes established within the Executive.

Please direct queries to:

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8th March 2022

Annex A – Strategic Risk Register – See Attached

Annex B – Revised Risk Management Policy and Guidance – See Attached