

## BOARD STRATEGIC RISK REGISTER REVIEW

### 1 Purpose of the paper

- 1.1 To provide the FSS Board with an overview on a revised approach to the management of the Strategic Risks and the inclusion of Integrated Assurance.
- 1.2 The paper therefore seeks to present the new strategic risk register (Annex A) to allow the Board to have a full discussion on the risks identified as posing a threat to delivery of the Strategic Outcomes.
- 1.3 To provide The Board with an update on the status of the Strategic Risk Register (Annex A)
- 1.4 Detail all new risks that have been composed and seek approval for the application of these Risks.
- 1.5 The Board is asked to:
  - **Note** the closure of the old Strategic Risk Register and the introduction of a revised template that will host the newly composed risks.
  - **Note and discuss** the introduction of an Integrated Risk Assurance approach
  - **Discuss** and agree the new risks put forward for inclusion within the Strategic Risk Register and **identify** whether there are other risks to be considered.
  - **Discuss** the information provided in this report and within the Strategic Risk Register at Annex A, including the assessed levels of risk, direction of travel and action taken to mitigate any risks identified.
  - **Note** that the Risk Management Policy and Guidance is currently under review to bring it into line with recently revised Scottish Government guidance.

### 2 Background

- 2.1 Corporate Risk and the associated Risk Registers have been the subject of regular discussion by both The Board and The ARC following FSS vesting in April 2015. These discussions have resulted in the evolution of how risks are managed and reported within FSS, primarily as our early Strategic Risk Register was focussed on the risks associated with being a new organisation and undergoing significant organisational change.
- 2.2 The Strategic Risk Register was developed and then presented to the Board at its August 2016 meeting. The Strategic Risk Register has now become a fundamental part of day-to-day business within FSS.

- 2.3 The previous iteration of the Strategic Risk Register was successfully managed for the duration of the previous FSS Strategy. The Risks from the old register had become outdated and it was agreed that a new risks should be identified in line with threats identified to delivery of the new Strategy for 2021 - 2026.
- 2.4 Previously a separate Assurance mapping exercise was carried out by Branch Heads bi-annually. The approach going forward is the inclusion of Assurance as an integrated element within the Risk Registers.
- 2.5 The revised risk appetite statement was aligned with the new strategy and, was presented to The Board in February 2021.

## 1. Levels of Registers

As part of the new governance arrangements, FSS will operate the following level or Risk Registers;

- Level 1 - Strategic Risk Register
- Level 2 - Executive Leadership Team Risk Register
- Level 3 - Directorate Risk Register/ Programme Risk register

Division Heads are responsible for the management of an Issues and Emerging Risks Log linked to the Strategy and Goals. This will be monitored in line with the objectives detailed in Business plans as set out in the Business Planning and Reporting Guidance.

## 2. Strategic and ELT Risk Register Roles

| Function | Responsibilities   | Frequency                                  |
|----------|--|--|
| ELT      | <p>Level 1 and 2: Responsibility for the Strategic Risk Register and review of the risk arrangements.</p> <p>Members of ELT entrust the management of Operational Risks and some Strategic Risks to their respective Divisions. ELT will quality assure the Strategic Risk Register by ensuring that all relevant risks are identified, evaluated and that mitigating actions are reviewed. New risks will be identified and risks for escalation from Level 3 will be considered,</p> | On a Quarterly basis prior to The ARC. , . |

|   |  |  |
|---|--|--|
| <b>Division Heads</b>                         | <p>Have responsibility for ensuring mitigating actions are taken for the Strategic risks in their area of control and highlighting any areas of concern to their Director at monthly 1:1 meeting.</p> <p>Oversee escalation of issues and emerging risks to Director level.</p> <p>Support assurance detailing controls in place</p> | <p>There is an expectation that Division Heads will update the Strategic registers 6 weekly with narrative updates where available. Prior to THE ARC meetings, Assurance, likelihood and proximity trends should receive close attention in addition to the narrative. This will feed in to both The ARC and The Annual Board Risk Papers.</p> |
| <b>Business Performance Reporting Officer</b> | <p>Co-ordinating updates to the Risk Register.<br/>Following up on reviews.</p> <p>Regular Reporting to THE ARC</p> <p>Annual reporting to The Board</p>   | <p>To ensure that 6 weekly updates are made. Communicating with managers to document the escalation of risks.</p> <p>Trend tracking and reporting to ELT, THE ARC &amp; The Board.</p>   |
| <b>Admin</b>                                  | <p>Following up on the administration of the changes</p>   | <p>Prompting managers to make 6 weekly updates.</p> <p>Maintenance of Spreadsheet format</p>   |

### 3. New Strategic Risk Register Approach

- 3.1. The Strategic Risk Register is designed to reflect threats posed to the delivery of the Strategy and the most important risks to FSS are those which may affect the delivery of key goals. ELT are responsible for identifying Strategic Risks, impact, likelihood, and the control strategy. The control strategy should highlight any opportunities for improvement that may arise from management of the risks, and these opportunities will be clearly identified on the Strategic Risk Register.
- 3.2. Division Heads will assume responsibility for the day-to-day management of the Strategic Risk Register and the Directorate level Risk Register. ELT maintain responsibility for the overall supervision of the Registers.
- 3.3. The revised approach to the Risk Register has been to include Integrated Assurance using the Three Lines of Defence Model. This helps to align and optimise FSS assurance with the management of risk and core business activities in line with the risk appetite, and exists to support The ARC and The Board's risk oversight. This approach is designed to replace the previous separate Assurance Mapping Exercise carried out by Branch Heads twice yearly. The same eleven assurance measures will be used within the

Integrated Assurance approach as was used during the separate mapping process, however the assurance will be detailed on a more regular basis alongside risk updates. The assurance areas are outlined in the Internal Control checklist section of the Scottish Public Finance Manual (SPFM)

- 3.4. The Three Lines of Defence Model – the first line should contain the day-to-day arrangements that have been implemented to ensure risks are identified and managed; the second line of defence oversees the first line via strategic measures or management and the third line of defence comes from Internal Audit providing independent assurance. Division Heads should consider the SPFM Internal Controls Checklist as a focus when evidencing the assurance.
- 3.5. Division Heads are responsible for ensuring that relevant emerging risks are addressed in their Business Plans and in the day-to-day operations. This will ensure that the actions necessary for reducing corporate level risks are resourced and planned for in an integrated way.
- 3.6. Branch Heads and any other staff involved in risk mitigation could benefit from training to help with a wider understand of the purpose of issues and risk identification and how this links into the wider picture of strategic governance. Following a discussion with Internal Audit, a Risk workshop is being arranged for the coming months.

#### **4. Summary**

##### **Strategic Risk Register**

- 4.1. The previous Risk Register presented to The Board in February 2021 during the Annual risk discussion and the need for a refresh of the Strategic Risks was addressed. This was taken forward via a workshop held by SMT and 2 ARC members in March 2021 where new threats posed to the delivery of the Strategic Outcomes were identified as the basis when formulating the new risks.
- 4.2. The Strategic Risks identified to date have been included in the new Strategic Risk Register ). As FSS progresses under the new strategy other risks will naturally develop and will be brought to the attention of The Board as when they arise.
- 4.3. Risks 1 to 8 have been composed and require discussion with The Board to ensure these are pertinent Strategic risks to take forward and manage.

## Strategic Risk Register Summary

|             | Risk Description  | Q1  | Q2 | Q3 | Q4 | Trend | Overall Confidence | Target Score |
|-------------|---|-----|----|----|----|-------|--------------------|--------------|
| <b>R001</b> | Given the Market Access Principles set out in the Internal Market Act, UK Ministers may legislate in a way that undermines FSS/SG policy as it will have automatic effect in Scotland.  | 200 |    |    |    |       |                    | 75           |
| <b>R002</b> | FSS' robust evidence base provides advice and recommendations on policy actions and priorities to improve the Scottish diet. There is a risk that we lack influence to ensure actions are taken forward by SG, other partners and stakeholders. | 75  |    |    |    |       |                    | 20           |
| <b>R003</b> | Local Authorities fail to deliver food law controls as required by the Food Law Code of Practice  | 150 |    |    |    |       |                    | 30           |
| <b>R004</b> | There is a risk that the GB approach to regulated product applications and the 4 country risk analysis process does not adequately reflect Scottish perspectives, requirements or regulatory frameworks   | 100 |    |    |    |       |                    | 30           |
| <b>R005</b> | Despite the need to work more closely with SG as a consequence of EU Exit, FSS is no longer seen as being independent of government.  | 50  |    |    |    |       |                    | 10           |
| <b>R006</b> | FSS communications is ineffective in conveying organisational messages in ways which is readily understood by stakeholders and consumers.   | 30  |    |    |    |       |                    | 5            |
| <b>R007</b> | FSS fails to develop necessary partnerships and/or there is a lack of appropriate stakeholder engagement to support delivery of the strategy.   | 30  |    |    |    |       |                    | 5            |
| <b>R008</b> | FSS fails to comply with GDPR legal requirements;   | 10  |    |    |    |       |                    | 5            |

**Strategic Risk Matrix**

| Impact    | Multiplier | 1 | 2    | 3            | 4    | 5 | Total | Trend |
|-----------|------------|---|------|--------------|------|---|-------|-------|
| Very High | 50         |   |      | R003         | R001 |   |       |       |
| High      | 25         |   | R005 | R002         | R004 |   |       |       |
| Medium    | 10         |   |      | R006<br>R007 |      |   |       |       |
| Low       | 5          |   | R008 |              |      |   |       |       |

## ELT Risk Register

- 4.4. Following the creation of the new Strategic Risk Register, it was agreed, in line with FSS Risk Management policy and guidance, that an ELT Risk Register will be created to replace the old SMT Risk Register. This will allow organisational risks, not suitable for the Strategic Risk Register to be developed and managed effectively by the Executive.
- 4.5. ELT will monitor the ELT Risk Register and manage this in line with the updated FSS Risk Management policy when this becomes available.
- 4.6. In line with our policy on risk escalation, any risks identified as VERY HIGH (RED) or HIGH (RED/AMBER) shall be brought to the Committee's attention via the quarterly report on risk.

## 5. Conclusion

5.1. The Board is asked to:

- **Note** the closure of the old Strategic Risk Register and the introduction of a revised template that will host the newly composed risks.
- **Note and discuss** the introduction of an Integrated Risk Assurance approach
- **Discuss** and agree the new risks put forward for inclusion within the Strategic Risk Register.
- **Discuss** the information provided in this report and within the Strategic Risk Register at Annex A, including the assessed levels of risk, direction of travel and action taken to mitigate any risks identified.
- **Note** that the Risk Management Policy and Guidance is currently being updated in line with upcoming revised Scottish Government guidance.

Ruth Dewar  
Business Performance Reporting Officer  
[Ruth.Dewar@gov.scot](mailto:Ruth.Dewar@gov.scot)  
10<sup>th</sup> May 2021

**Strategic Risk Register - Please see separate sheet enclosed ANNEX A**