

Annual Review of the Strategic Risk Register and Strategic Issue Register

1 Purpose of the paper

1.1 To provide the FSS Board with an update on the management of the Strategic Risk Register (Annex A) and the Strategic Issue Register (Annex B).

1.2 The Board is asked to:

- **Discuss** the information provided in this report and within the Strategic Risk Register at **Annex A**, including the assessed levels of risk and action taken to mitigate any risks identified.
- **Discuss** the information provided in this report and within the Strategic Issue Register at **Annex B**, including the assessed levels of issues and action taken to mitigate any issues identified.

2 Strategic aims

2.1 This work supports all of the FSS Strategic outcomes.

3 Background

3.1 Risks and issues continue to be discussed at Directorate Level and SLT for proposed escalation with subsequent review at the quarterly Strategic Risk Management Forum (SRMF) before submission to the ARC. The SRMF is the forum where senior managers, subject matter experts and risk owners discuss risks and issues across FSS. A thorough review of the risks and associated mitigating actions is undertaken at these meetings to ensure we are confident that the mitigating actions and scoring remain comprehensive and current. This is in line with the FSS Risk Management Policy and Guidance.

3.2 The Strategic Risk Register includes 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, supported by SG Internal Audit, replaced the previous separate Assurance Mapping Exercises carried out by Branch Heads twice yearly.

3.3 The Three Lines of Defence Model includes the following:

- **First line:** contains the day-to-day arrangements that have been implemented to ensure risks are identified and managed
- **Second line:** oversees the first line via strategic measures or management
- **Third line:** comes from Internal Audit providing independent assurance


4 Discussion

4.1 Strategic Risk

4.2 The Strategic Risk Register was last reviewed by the Board 07 December 2022, where the Board asked whether animal disease, i.e. avian flu, should be considered as a food security risk. It was collectively agreed to amend one of the categories to explicitly state this as a risk. The Food Security risk has since been de-escalated from the Strategic Risk Register following agreement by ARC on 09 September 2023. The risk is currently managed at a Divisional level in the Scottish Food Crime and Incidents Unit (SFCIU). FSS currently liaise with a food security team that has been established in the Scottish Government. Any further threat to food supply and the risk will be brought back to the Strategic Risk Register.


4.3 On 08 March 2023 ARC agreed to the proposed risk, External Policy Pressures, to capture the likely implications from the emerging Retained European Union Law (REUL) bill. The risk score was initially 200 though has since decreased to 150 following agreement at ARC on 07 June 2023, due to FSS inclusion in managing changes to the bill as well as the extended timeline. The risk has since remained static. The wording of the risk was amended and agreed by ARC on 09 September 2023. Figure 1 shows the current wording and score of Risk 8.

Figure 1: Risk 8 External Policy Pressures

Risk Description	Score / Trend
<p>Cause: Retained EU Law (Revocation and Reform) Act 2023 has received Royal Assent which provides reform / deregulatory powers that must be used by 2026 IMA makes divergence difficult</p> <p>Event: Decision to deregulate taken by UK Government in pursuit of EU Exit Benefits; legislation lost or reformed (intentionally or otherwise) – all pursued under very restricted timeline.</p> <p>Effect: Public health protections are lost or undermined, FSS resource diverted from other priorities to mitigate; unintended legislative consequences due to lack of impact assessment</p>	<div style="text-align: center;">  </div> <p style="text-align: center;">3*50 = 150</p>


4.4 It was noted at the ARC meeting on 06 September 2023 regarding Risk 2 Delays in Recruitment (**Figure 2**), that a new mitigation had been highlighted in relation to emerging artificial intelligence issues impacting recruitment across FSS. This resulted in the increase in likelihood from 2 to 3 and overall increase in risk score from 100 to 150 in Q1, and has remained at 150 in Q2.

Figure 2: Risk 2 Delays in Recruitment

Risk Description	Score / Trend
<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>Event: Continual inconsistent and inadequate service provision provided to FSS from SG Shared Services.</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>	<div style="text-align: center;">  $3 \times 50 = 150$ </div>

- 4.5 At the time of writing, the 29 November 2023 ARC meeting is yet to occur, however the following recommendations are proposed, noted in paragraphs 4.6, 4.7 and 4.9. A verbal update at the 13 December 2023 FSS Board Meeting can be provided if required.
- 4.6 The SRMF proposed that Risk 5 (**Figure 3**), be de-escalated from the Strategic Risk Register to management at Divisional level following the decrease in risk score from 100 to 75; the target score. Ongoing work with Scottish Food Crime Incidents Unit (SFCIU) has ensured crisis communications is adequately represented in the wider incidents strategy and is now ensuring there is a supplementary plan in place that covers wider crisis communications.


Figure 3: Risk 5 Misinformation

Risk Description	Score / Trend
<p>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.</p> <p>Event: Spread of third party false or negative information in the public domain reaching, or targeted at, FSS audience segments.</p> <p>Effect: Brand and reputational damage impacting FSS' authority as a trusted source.</p>	<div style="text-align: center;">  $3 \times 25 = 75$ (was $2 \times 50 = 100$) </div>

- 4.7 The proximity of the decision regarding SVS is close and we expect to have a decision from Ministers by 05 December 2023. A decision has been made to

increase the impact score for Risk 7 (**Figure 4**) from High to Very High due to the increased impact on staff, and FSS, from either outcome of SVS.

Figure 4: Risk 7 Changes to FSS Role and Remit

Risk Description	Score / Trend
<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 or change our meat hygiene inspection functions. Given financial constraints, Scottish Ministers (SM) may defer setting up a Food Commission under the Good Food Nation Act and expect FSS to pick up the function pending its creation.</p> <p>Event: Changes to FSS strategy and work plan are needed based on Ministerial decision on our roles and responsibilities.</p> <p>Effect: For SVS a reduction in our staffing and budget for OV's or an expectation that more be delivered by FSS on Good Food Nation (GFN), additional work may flow to FSS should a Food Commission be deferred whilst GFN plans continue to be developed.</p>	<div style="text-align: center;">  <p style="color: red; font-weight: bold; margin: 5px 0;">$4 \times 50 = 200$</p> <p style="margin: 5px 0;">(was $4 \times 25 = 100$)</p> </div>

4.8 Strategic Issues

4.9 The SRMF proposed the rewording of Issue 2 – Public Sector Resourcing (**Figure 5**). The wording of this issue had not been updated since it had been a risk and has now been amended to reflect the current position as an issue. Due to the reconfiguration of the issue, the two mitigating actions; Animal Feed Delivery and Imports, will be under review by Business Leads to discuss whether still appropriate as actions under this issue, or whether they are standalone issues or risks for the organisation. A decision on both of these mitigating actions will be made at the next SRMF in February 2024.

Figure 5: Issue 2 Public Sector Resourcing

<p>Original Issue Title</p>	<p>Public Sector Resourcing</p> <p>Public Sector Resourcing increasing pressures on Local Authorities and FSS result in a delivery model which lacks the resilience needed to meet future challenges.</p>
<p>Revised Issue Title</p>	<p>Local Authority Food Law Delivery Model</p> <p>Increasing resource pressures, including finance and staff, on Local Authorities and FSS has resulted in a delivery model</p>

	which lacks the capacity, capability and competency needed to meet future challenges.
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5 Equality Impact Assessment and Fairer Scotland Duty

5.1 Completion of an Equality Impact Assessment and Fairer Scotland Duty Assessment are not required for this paper.

6 Conclusion/Recommendations

6.1 The Board is asked to:

- Discuss the information provided in this report and within the Strategic Risk Register at **Annex A**, including the assessed levels of risk and action taken to mitigate any risks identified.
- Discuss the information provided in this report and within the Strategic Issue Register at **Annex B**, including the assessed levels of issues and action taken to mitigate any issues identified.

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Date: 21/11/2023