

## Annual Risk Appetite Review

### 1 Purpose of the paper

1.1 This paper is for discussion and decision.

1.2 The purpose of the paper is to consider whether FSS's Risk Appetite Statement, which was last agreed following the discussion at the Board meeting on [17 February 2021](#), continues to provide the FSS Board and Executive with an adequate foundation/framework/underpinning to support effective risk management. This is particularly important given the spending review challenges the organisation currently faces.

1.3 The Board is asked to:

- **Discuss and provide a view** on whether the Risk Appetite Statement remains fit for purpose.
- **Agree** the suggested wording for the additional entry in the financial section of the Risk Appetite Statement at point 4.1. The text is tracked changed in Annex A.
- **Agree** to adopt the change from Open to Hungry for the entry in the financial section at point 4.2. The text is tracked changed in Annex A.
- **Agree** to adopt the additional entry suggested in the external factors section at 4.3. The text is tracked changed in Annex A.

### 2 Strategic Aims

2.1 This work supports all five FSS Strategic Outcomes.

### 3 Background

3.1 FSS's Risk Appetite (see Annex A for the statement in full) is currently stated as, essentially:

- Low for public health
- Low for finance
- Low for reputation/trust during non-routine incidents (linked to the public health risk)
- Medium for reputation/trust in normal circumstances
- High for innovation.

- 3.2 In February 2021 the Board agreed the revised Risk Appetite Statement, presented at the meeting, effectively aligned with the [2021-2026 Strategy](#) and was fit for purpose.
- 3.3 At that time, Covid-19 had recently presented the organisation with a situation where there was a requirement to make risk management decisions urgently in response to an external shock, and the robustness of our Risk Appetite Statement had been tested against that.
- 3.4 At the Board meeting on [16 March 2022](#) the Board were asked to agree any changes to the Risk Appetite in respect of the strategic risk related to Local Authority (LA) Delivery. No changes were made.
- 3.5 At the Board meeting on [22 June 2022](#) an update was provided on LA Delivery: Current Situation. The paper stated that the Executive had considered the Risk Appetite Statement and the reality of where we were suggested that in the areas of Public Health/Consumer Protection, where the current appetite to material risks that had potentially significant impact on public health was “averse”, we were demonstrating more risk tolerance than the Risk Appetite suggested. On that basis it was suggested that the Board could either stick with the original Risk Appetite or amend it. The Board agreed that the Risk Appetite should not change and that given the risk had been severe for quite some time, the issue should be escalated to Scottish Ministers by way of a formal letter from the Chair, outlining the steps FSS had taken already, and potential solutions and recommendations for a way forward.
- 3.6 At a closed Board session on 10 August 2022, to look at organisational prioritisation, the Board was asked for views on what FSS is as an organisation and to input in defining a supporting set of principles to inform decision making around determining work priorities. During the session, the Board was asked to discuss whether the Risk Appetite Statement remained fit for purpose given the financial constraints and resulting operational challenges currently placed upon the organisation. No changes to the Risk Appetite Statement were suggested at that time.

## 4 Discussion

- 4.1 The Board were asked to review Risk Appetite in relation to a Field Operation Resourcing Challenges paper presented at the Board meeting on [25th October](#). The Board agreed that the financial section of the Risk Appetite Statement should be updated. The suggested wording for the update is:
- **Minimalist** but willing to consider some litigation consequences if we are unable to recruit official veterinarians, for reasons out with our control, which results in disruption to delivery of service

4.2 The Executive propose a second change to the financial section of the Risk Appetite Statement. It is suggested that being open with regard to new approaches which could impact on efficiency and value should be updated to:

- **Hungry** with regard to new approaches which could impact on efficiency and value

4.3 The Executive also propose a change to the external factors section of the Risk Appetite Statement. The suggested updated is:

- **Open** to the possibility of divergence where we are not involved in making decisions which impact upon us

## 5 Equality Impact Assessment and Fairer Scotland Duty

5.1 Completion of an Equality Impact Assessment (EQIA) and a Fairer Scotland Duty Assessment have not been completed for this paper.

## 6 Conclusion/Recommendations

6.1 The Board is asked to:

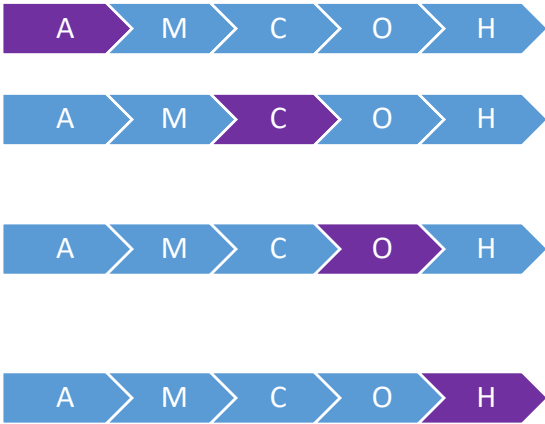
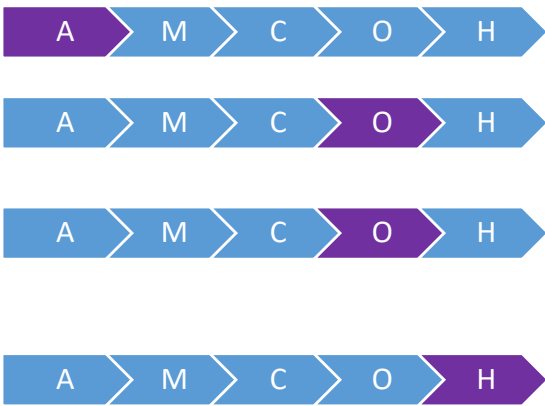
- **Discuss and provide a view** on whether the Risk Appetite Statement remains fit for purpose.
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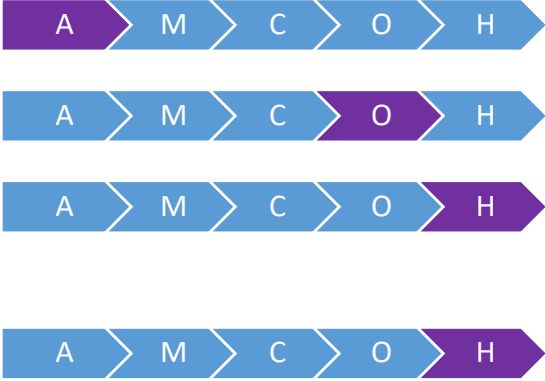
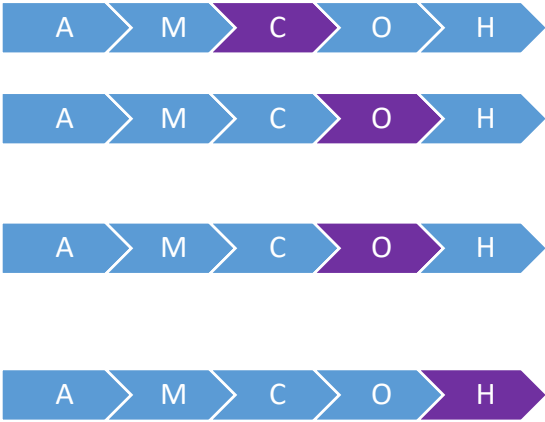
Please direct queries to:

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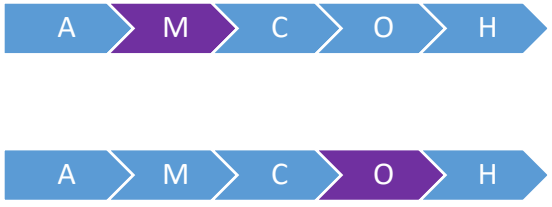
3<sup>rd</sup> November 2022

## Annex A: FSS Risk Appetite

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| <p><b>Public Health / Consumer Protection</b></p>       | <p><b>Averse</b> to material risks that have potentially significant impact on public health</p> <p><b>Cautious</b> where there is uncertainty around the balance of risks and benefits for public health or other consumer interests</p> <p><b>Open</b> to new approaches and partnerships with the potential to enhance public health/consumer protection or to improve dietary health</p> <p><b>Hungry</b> for innovative ways of improving the Scottish diet and reducing risks to the food chain</p>   |   |
| <p><b>Policy / Legal / Regulation / Enforcement</b></p> | <p><b>Averse</b> to approaches that fall short of legal requirements</p> <p><b>Open</b> to policy/regulatory approaches that are evidence based, with the potential to produce the best outcomes in Scottish-specific circumstances</p> <p><b>Open</b> to pursuing innovative approaches for implementing Regulatory Standards where analysis indicates potential for significantly improved compliance</p> <p><b>Hungry</b> for policy approaches that combat the food-related effects of inequalities</p> |  |

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|  | <p><b>Hungry</b> to apply the principles of better regulation, applying regulatory approaches which minimise burdens on businesses where appropriate</p>  |   |
| <p><b>Operational Delivery</b></p>                       | <p><b>Averse</b> to approaches which could potentially compromise the safety or wellbeing of staff</p> <p><b>Open</b> to partnership working with the potential for improved compliance outcomes</p> <p><b>Hungry</b> to consider innovation (e.g. working practices, systems, new technologies) with the potential to deliver improved efficiency and effectiveness</p> <p><b>Hungry</b> to develop a skilled, confident and empowered workforce</p>   |   |
| <p><b>Reputation / Authority / Public Confidence</b></p> | <p><b>Cautious</b> about activities which could impact on our ability to influence effectively to protect consumers</p> <p><b>Open</b> to making evidence-based decisions and recommendations and influencing opinion where we are clear that the benefits for consumers outweigh the risk</p> <p><b>Open</b> to advocacy on behalf of consumers, where there is evidence to support their interests</p> <p><b>Hungry</b> to exploit communication channels which promote FSS as the trusted source of advice on food safety, standards, diet and nutrition</p> |  |

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| <p><b>Relationships / Partnerships</b></p> | <p><b>Cautious</b> around our relationships with industry and government to safeguard our independence and ensure our work prioritises consumer interests</p> <p><b>Open</b> to contributing to Scottish Government strategy for promoting sustainable economic growth within the Scottish food and drink sector and supporting future export markets, ensuring there is no conflict with our consumer protection role</p> <p><b>Open</b> to working with all partners who are able to help us in achieving our strategic goals</p> <p><b>Hungry</b> to form partnerships with the potential to influence consumers' dietary behaviour</p> |  |
| <p><b>Financial</b></p>                    | <p><b>Averse</b> to risks of internal fraud or corruption</p> <p><b>Minimalist</b> but willing to consider options with other financial risks if they have the potential to deliver success</p> <p><b>Open-Hungry</b> with regard to new approaches which could impact on efficiency and value</p> <p><u>Minimalist but willing to consider some litigation consequences if we are unable to recruit official veterinarians, for reasons out with our control, which results in disruption to delivery of service</u></p>  |  |

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| <b>External Factors</b> | <b>Minimalist</b> to risk of impact of external events; robust business continuity and incident management plans in mitigation<br><br><u>Open to the possibility of divergence where we are not involved in making decisions which impact upon us</u> |  <p>The diagram consists of two horizontal flowcharts, each with five chevron-shaped boxes containing the letters A, M, C, O, and H in sequence from left to right. In the top flowchart, the 'M' box is purple, while the others are blue. In the bottom flowchart, the 'O' box is purple, while the others are blue.</p> |
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