

FSS STRATEGY AND CORPORATE PLAN: STRATEGY DELIVERY, BUSINESS PLANNING AND FSS BUDGET 2018/19

Purpose of the paper

1. The Board agreed the FSS Strategy and Corporate Plan in June 2016. The Strategy is a five-year one, which takes us to 2021. The Board asked the Executive to develop a three-year Corporate Plan – to 2019 – to accommodate the need to review FSS's strategic priorities and progress during the life of the strategy.
2. As we approach the end of the second year covered by the Strategy and Corporate Plan, and in the context of the much wider geo-political changes that Scotland faces, this is a timely point to review progress and agree future priorities. The purpose of this paper is to provide a progress update and to set out the executive's plans for 2018-19 to continue delivery towards meeting our strategic outcomes.

Strategic Aims

FSS Strategy

3. Our Strategy describes the six strategic outcomes covering the period to 2016-2021. They are:
 - Food is Safe
 - Food is Authentic
 - Consumers Have Healthier Diets
 - Responsible Food Businesses Flourish
 - FSS is a Trusted Organisation
 - FSS is Efficient and Effective
4. The Strategy has been largely well received. Feedback during consultation was that both stakeholders and consumers consider that it is clear about our priorities and how we link to the Scottish Government's wider National Performance Framework which is enshrined in legislation and through which the national outcomes are currently under review as required by that legislation. The results from the 2017 Civil Service People Survey also show that FSS staff understand the Strategy and how they contribute to FSS's objectives, with 91% of respondents to the People Survey said they understood the organisation's objectives and purpose.
5. The executive considers that whilst the landscape in which we are operating has changed, that the six strategic outcomes described in the FSS Strategy remain valid and should continue to frame what we do, within the changed context in which we are now operating.

FSS Corporate Plan – Progress To Date

6. To support delivery of the strategy, the Corporate Plan sets out more detailed rationale to underpin the specific activities that were identified as being priorities to help achieve the six strategic outcomes. Probably unsurprisingly for a new body, the activities identified and prioritised in Corporate Plan have a focus around developing a number of programmes and approaches – ‘setting the dials’ – to provide the foundation for what we do in the future to deliver success.
7. Good progress has been made with the activities in the Corporate Plan, and set out below is a summary of progress with the major pieces of work identified in the Corporate Plan.
8. We have developed, consulted on and published a strategy for reduction of foodborne illness, and are now undertaking a number of specific workstreams to support this. *Campylobacter* reduction in poultry continues to be a priority, and we are continuing to work with FSA on a cross-UK basis, reviewing progress made by the major retailers’ through publication of their own data on *Campylobacter* in chicken on retail sale. We will also look at how improvements can be made at smaller poultry processors and retailers in Scotland, and work with others to identify where further action is needed to reduce *Campylobacter* in the Scottish population. We have also commissioned research that will help us to understand better Shigatoxin producing *E. coli* (STEC) infection in Scotland, and have supported the development of guidance to support high risk food sectors in controlling this pathogen.
9. A new surveillance strategy was agreed by the Board in March 2017 and we have taken this forward through consultation with stakeholders and partner organisations, leading to the development of structured approaches for horizon scanning, prioritisation and data collection. The surveillance strategy will play a key role in our work on food safety, food authenticity and reducing food crime going forward, and will be embedded within relevant work programmes during 2018-19. A strategic approach to how we gather and use science, evidence and information has been developed and agreed, following consultation with stakeholders and interested parties.
10. We have published our Regulatory Strategy, setting out our strategic approach to regulation, in line with our statutory obligations under the Food (Scotland) Act 2015 and the Strategic Code of Practice for Scottish Regulators. We have consulted on a number of specific areas of work that will be further developed through the Regulatory Strategy Programme. Having set out the strategic direction for how we will carry out our regulatory functions, there is a wider programme of work that is planned to take forward the various initiatives that are needed to support the strategic aim. As outlined later in this paper however, we now need to reflect on this programme to accommodate and take account of the related challenges presented by Brexit.
11. Work within the Regulatory Strategy programme includes reviewing and redesigning the risk assessment matrix for inspection of food establishments (Annex V) and amending the Code of Practice to local authorities. We have piloted

the new matrix and compliance spectrum with local authorities and anticipate adoption of this approach across all 32 LAs during 2019. We have also developed the Scottish National Database which will gather all official control data from local authorities. This system has been successfully piloted and is now connected to 30 of Scotland's 32 LA's with the remaining two expected to be online by the end of March 2018. This tool will provide data to assist in official returns to the European Commission as well as the ability to map the profile of food business compliance across Scotland, identifying opportunities for interventions and business support. These data will play a key role in our surveillance strategy and in informing future FSS policy direction.

12. On nutrition and health, we have been influential in making the case for change in relation to the Scottish diet, developing a set of evidence-based recommendations to Ministers. These were largely incorporated into the Scottish Government's recent consultation on its proposed Obesity Strategy, and the Government will be analysing the comments received through that consultation to determine their response and the next steps. Those next steps are likely to shape our work on diet going forward, as we transition from making the case for change, into how we can contribute to delivering the change that is needed. We have also contributed to Parliamentary activity in this area, through presentation of evidence at the Health and Sport Committee and by contributing to the SPICE Scotland's Futures Forum.
13. We commissioned and carried out a comprehensive review of science and other evidence, combined with detailed policy analysis, to provide advice to Ministers on the mandatory fortification of flour with folic acid to reduce neural tube defects.
14. On food incidents, we have dealt with a wide range of food incidents ranging from routine matters that have been straightforward to handle and resolve, through to complex incidents such as the *E. coli* O157 outbreak in Scotland in the summer of 2016 where we worked collaboratively with a number of other organisations including local authorities, Health Protection Scotland, public analysts, Public Health England and national reference laboratories. More recently, and again through working collaboratively with FSA and others, we have led the response in Scotland to incidents in certain meat premises concerning the extension of use-by dates in the absence of evidence of effective food safety management controls. We have carried out a review of our procedures for handling non-routine incidents, including communications, and the recommendations from these are being considered by the Board at the same meeting as this paper is being discussed.
15. Official controls delivery by FSS (in meat premises and in relation to shellfish production) has been provided in line with demand, and to meet our legal obligations. We have worked with the meat industry to review and refine the charging system for meat official controls, enabling greater clarity of where the costs lie and how these can best be met. We have also re-tendered new contracts for meat and shellfish official controls which will take effect from April this year. Our own delivery of official controls has been subject to external audit, and we have carried out capacity and capability audits in ten local authorities, seeking assurance on their systems and delivery of official controls, as well as auditing their capability and capacity in relation to carrying out their functions under food law. There has

also been a programme of internal audits of FSS functions, including the Scottish Food Crime and Incident Unit, and our approach to science and evidence, as well as of our corporate and support functions.

16. We are progressing with the work to improve the delivery of animal feed official controls, and the Board has been kept updated. Progress has been slower than originally planned, due to protracted discussions and negotiations with local authorities and with the various stages of legal and procurement processes, but we are making good progress towards having more effective arrangements in place.
17. The Board has agreed our approach to how we report progress on implementing the recommendations of the Scudamore Expert Advisory Group where good progress has been made, including in building the capacity and capability of the Scottish Food Crime and Incidents Unit, developing the partnerships that are needed for it to be effective and in agreeing information sharing arrangements to provide more intelligence about potentially fraudulent or criminal activity threatening the food supply chain in Scotland.
18. Much of our work has involved consumer engagement to understand their perspectives and to provide us with insight about interventions. The Board has held two discussions on Brexit that were informed by information gathered through a number of strands of consumer insight. We sense-checked our thinking on the regulatory strategy through consumer insight, and clearly all our public-facing campaigns (*Look at the Label*, *Pink Chicken*, *Change Our Future*, *Kitchen Crimes*) have been developed with consumer insight at their core. These campaigns have been subject to evaluation demonstrating their reach and return on our investment, and through the biannual Tracker Survey, we are monitoring trends in public understanding, priorities and reported behaviour related to food safety and healthy eating. Reassuringly, the tracker survey shows that consumers' trust in FSS continues to grow.
19. We have efficient and effective corporate processes that support delivery of the business and provide assurance about our performance and expenditure. We have now produced and laid in Parliament two fully audited Annual Reports and Accounts. Assurance mapping is now embedded across the organisation, and there is scrutiny of our risk management processes by the Audit and Risk Committee on behalf of the Board. We have developed a Records Management Plan which has recently been approved by the Keeper of the Records of Scotland.
20. This is by no means a comprehensive list, but sets out at a high level some of the achievements in the first two years of the Corporate Plan, and outlining how that work in 'setting the dials' will underpin the work that we do over the next three years covered by the Strategy, as we seek to achieve our strategic outcomes. But it is also important to highlight work in the Corporate Plan where we have either not yet commenced work or where work has started but progress has not been at the pace initially foreseen.
21. We have started a review of the Food Hygiene Information Scheme (FHIS), which has involved engagement with stakeholders and provides a strong platform from which to build on through more detailed discussion of the strengths and

weaknesses of different options for the future, the role of the scheme in supporting and encouraging food business compliance and increasing awareness and use of the scheme by consumers. FHIS has linkages across many aspects of our work, so there are dependencies with other areas of work; in particular the work to streamline and revise the risk scoring matrix used by local authorities for both food hygiene and food standards. The policy analysis work to review and develop FHIS to the next stage – a scheme that currently is based only on food hygiene inspection outcomes alongside the new intervention approach which assesses food hygiene and food information together – will be a considerable undertaking, and needs to be considered alongside other priorities for the year ahead. It is also important to recognise that we must consider not just FSS capacity, but also stakeholder capacity. The challenges presented by Brexit and other external factors will present for our stakeholders too, and in that sense decisions on priorities need to take account of the capacity of others who are important in supporting delivery of our priorities.

22. Science and evidence is integral to our strategy, and our surveillance and official control capabilities rely heavily on the availability of state of the art and resilient laboratory infrastructure and scientific expertise. The provision of laboratory services in Scotland to support analyses for verifying the safety and authenticity of food and feed samples, is an on-going concern. It is not within FSS's gift to resolve this issue, but we continue to raise the importance of laboratory provision with relevant organisations and the potential future risks for both consumers and economic interests, should there be insufficient capacity or capability within laboratories in Scotland to provide scientific evidence and assurance to meet the demands of competent authorities and food businesses. We also consider that this will have an increased relevance in the context of leaving the EU, when the need for sampling and analysis by regulators and businesses is likely to increase.
23. We have not yet taken forward a strategic coordinating role for coordination of Scottish Government funded research and surveillance in diet and nutrition, but have recently given evidence to a Parliamentary committee, and are in regular contact with the research funding colleagues within SG to advise and influence the development and delivery of their research programmes, and to ensure that they are aligned wherever possible with policy needs. We have worked with Scottish Government to establish the Scottish Food and Drink Research, Evidence and Evaluation Collaborative to monitor and collaborate on the most up to date evidence base.
24. On the corporate front, there has been limited progress in reviewing and developing further memoranda of understanding with other bodies, and this is will become part of our Brexit preparations. We have started our work to build our digital capability, and are planning the next stages to make us a more digitally enabled organisation both internally, but also in terms of the services we provide externally to individuals and other organisations. We are in the process of commissioning a new IT system to support our shellfish official controls work which will bring significant improvements for ourselves, our contractors and businesses that depend on efficient and effective systems being in place to process and manage the information. A number of successful initiatives have been put in place to facilitate improved internal communication and will shortly be publishing a People Strategy

for FSS. Our engagement index in the 2017 Civil Service People Survey was 65%, a 2% increase from 2016 and level with the Civil Service High Performers.

25. So in summary, good progress has been made in many areas, and there is more to do in others. The Board receives various progress updates in different ways on specific areas so this is not intended to be a detailed analysis, but aims to give a sense of progress after almost two years with what is a three-year plan to support delivery of a five-year strategy.

Wider Landscape

26. One of the most significant events affecting FSS's area of responsibility since the Strategy and Corporate Plan were published was the outcome of the referendum in 2016 on the UK's membership of the EU. The Board has discussed the impact of this, most recently in November 2017. FSS is a regulator that is significantly affected by leaving the EU, as the vast majority of food and feed law that we are concerned with originates from the EU.
27. That being the case, whilst we are still unclear about the details of the UK's exit, or the future relationship with the EU, we anticipate that there will be significant work for FSS in the next 12-24 months. This will include work to ensure legislative continuity that is both applicable and acceptable to Scotland to ensure that consumers are protected and that businesses have certainty and are clear about their legal responsibilities. This inevitably extends beyond FSS and outwards to local authorities, who are themselves designated as competent authorities in the context of executing and enforcing EU food and feed law. The Board has discussed the constitutional issues that arise from the UK Government's European Union (Withdrawal) Bill, and also from the Trade Bill, which places similar constraints on the legislative competence of the Scottish Parliament and the executive competence of the Scottish Ministers. Negotiations between the Scottish Government and the UK Government are ongoing concerning amendments to these Bills that would enable Scottish Ministers to recommend that the Scottish Parliament give its legislative consent. At the present time, the Government has not been able to recommend that legislative consent should be given.
28. Setting aside the very considerable constitutional issues that these Bills present and the ongoing dialogue between the administrations about leaving the EU and the impact on devolution in the UK, FSS's workload in relation to leaving the EU continues to escalate. It is increasingly apparent that work will be needed across all of our functions to prepare for exit – there are no areas of our work that are untouched. Even our work on diet, largely not regulatory, needs to be assessed in the context of, for example, possible future changes to nutrition labelling.

Priorities for 2018-19 – A Programme Approach

29. As a consequence, FSS's business planning for 2018-19 has been carried out focussing on the Strategy and Corporate Plan priorities, in the context of the increasing requirements that will be needed for leaving the EU, in so far as we can currently foresee these. This has driven us to determine that we will need to change the way that we organise and deliver our work going forward, and we therefore

propose an approach that makes greater use of formal programme management structures. We propose that our 'change' work in 2018-19 is structured around three programmes, alongside a suite of essential core activities. The three programmes of work are:

- Brexit
- Regulatory Strategy
- Nutrition and Dietary Health

30. Programme documentation is being developed for the Brexit and Nutrition programmes to set out the rationale for the programmes, how they relate to delivery of the Strategy through the strategic outcomes, the scope, deliverables, interdependencies, governance, resource requirements and risks. The Regulatory Strategy is already at a more developed stage, although the scheduling of workstreams within this programme will be reviewed and amended to reflect two phases – firstly what needs to be done before leaving the EU, and what will be done after exit. This demonstrates the high degree of dependency between Brexit and our whole suite of regulatory functions and responsibilities.

31. The tables 1 and 2 below shows how we have allocated budget and resources between the programmes and the essential core activities as well as how the essential core activities align with the strategic outcomes.

32. The essential core activities continue to account for the majority of FSS's resources, with the split of approximately 30%/70% between programmes and essential core activities.

33. Activities considered as core include our competent authority functions in terms of delivering official controls in meat and shellfish, and our audit of local authorities in their competent authority role, incident preparedness, management and response, our public facing activities involving marketing, consumer engagement and ongoing tracking of consumer views, as well as evidence gathering including research, information and data collection and analysis to underpin other activities. Core activities also include the costs associated with running the organisation such as accommodation costs, travel and subsistence and shared services.

Budget 2018/19 Allocation	Brexit	Diet and Nutrition	Regulatory Strategy	Essential Core Activities	Total
Staff	686,262	505,130	951,012	5,970,335	8,112,739
Administration	95,742	81,540	218,680	3,275,540	3,671,502
Programme	140,500	574,750	362,000	5,457,723	6,534,973
Capital	0	0	50,000	350,000	400,000
Income	0	0	0	(3,419,214)	(3,419,214)
Total	922,504	1,161,420	1,581,692	11,634,384	15,300,000

Table 1 – Allocation of 2018/19 Budget

Essential Core Activities Budget and Strategic Outcomes Summary	Food is safe	Food is authentic	Consumers choose a healthier diet	Responsible food businesses flourish	FSS is a trusted organisation	FSS is efficient and effective	Total
Staff	2,859,940	612,353	440,126	517,193	846,990	693,734	5,970,335
Administration	802,349	478,833	458,389	460,384	565,166	510,419	3,275,540
Programme	4,070,402	499,206	0	171,797	502,659	213,659	5,457,723
Capital	175,000	0	0	0	0	175,000	350,000
Income	(2,313,144)	(393,773)	0	(81,250)	(315,523)	(315,523)	(3,419,214)
Total	5,594,548	1,196,619	898,514	1,068,123	1,599,292	1,277,288	11,634,384
% of budget allocated	48%	10%	8%	9%	14%	11%	

Table 2 – Essential Core Activities by Strategic Outcome

34. We will need to review the priorities and resource allocation in relation to Brexit once there is greater clarity about the UK's exit from the EU and when we know more about any transitional period and the UK's future relationship with the EU.
35. Whilst this approach represents a change in how we work through allocating resources to programmes and activities rather than through the structure of the organisation (the branches), it doesn't fundamentally change what we do – we remain focussed on the Strategy and the six strategic outcomes, but now need to cast these in the context of the work that we will need to do as a consequence of Brexit, to make sure that in preparing for the UK's departure from the EU, that consumers continue to be protected and informed, that businesses in Scotland are clear about their responsibilities and that our regulatory approach supports those businesses that are behaving responsibly and takes action with those that are not. And clearly that we work closely with Scottish Government in our Brexit work, as well as with our UK counterparts in FSA, Defra and the Department of Health and Social Care, as described in the paper discussed by the Board in November 2017.
36. We believe that this approach allows us to deliver the statutory functions and objectives that both primary legislation and specific food and feed law require both now and when the UK leaves the EU, whilst taking forward the strategic goals for the organisation.
37. An issue that we will need to consider as we move forward is that if our budget remains flat but our fixed costs continue to increase, e.g. through inflation and increased pay costs, we will have less budget available to commission work from external sources. We need to consider how that is likely to affect us in the future, for example, leading to a greater reliance on internal expertise and less on what we contract into the organisation from external sources.
38. The Board will also wish to note that in terms of monitoring we propose that we move to reporting spend against each of the three programmes and the essential core activities. While the nutrition programme is quite clear in terms of which outcome it contributes to (and can therefore be directly compared to 17/18 spend) that comparison across the other strategic objectives is more difficult to present given the Brexit and Regulatory Strategy programmes contribute to all of the strategic outcomes. Our view is that trying to present spend for these two

programmes against the strategic outcomes would create a degree of work which is nugatory. The Board would of course see actual programme spend against forecast. However, essential core activity will continue to be reported against strategic outcome and in line with the current level of financial reporting to the Board on a quarterly basis.

39. The Board is asked to:

- **Confirm** that FSS's six strategic outcomes remain relevant
- **Note** the progress with delivering the activities described in the Corporate Plan
- **Note** that leaving the EU will have a material impact on FSS's activities, and that our priorities for 2018-19 need to be framed within this context
- **Note** that work for 2018-19 be delivered through three programmes, alongside our essential core activities, with the budget split of approximately 30% on the programmes and 70% on essential core activities
- **Agree** the allocation of resources should be reviewed as the details concerning the UK's departure from the EU become clearer
- **Agree** the budget allocation for 2018-19 and confirm the Board is content with the financial monitoring and revised reporting arrangements.

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