

# 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 the Strategy Forum 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. A revision exercise has been undertaken to streamline the FSS Risk Management Policy and Guidance. Following discussion and feedback at the SRMF, the revised document is due for discussion and agreement at the ARC on 26<sup>th</sup> November 2025.

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.

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 11 December 2024. The Board had been made aware of a proposed de-escalation for strategic risk 9 Shared Services Programme, which at the time was awaiting ARC agreement. The risk was originally a high strategic risk due to the uncertainty around the migration of data and systems with the move to Oracle Cloud. Following the migration on 01 October 2024, FSS HR and Finance teams continued to work through standard issues that were expected. Due to this, ARC agreed to the proposed de-escalation to the Corporate Services Divisional Risk Register.

4.3 Following the development of the new FSS Strategy 2026-31, a deep dive will be undertaken on the Strategic Risks and Issues ahead of the Strategy launch 1<sup>st</sup> April 2026.

4.4 The Strategic Risk Register was last reviewed by the ARC 03rd September 2025, where the following recommendations were discussed:


- ARC agreed to (figure 1) the decrease in score for risk 10 from 100 to 50 and the closure of the risk. This risk was previously high primarily due to resourcing issues within the Feed Delivery team, however once the team were fully resourced and in a strong position it was agreed to close the risk.
- ARC agreed to (figure 2) the decrease in risk 11 from 100 to 75. The Public Service Reform strategy has now been published. The Corporate Services Division are in the process of reviewing the strategy and preparing a high-level action plan for the Executive Management Team (EMT) to consider, agree and progress where necessary.
- ARC discussed Cyber Security Breach as a proposed risk escalation, and agreed for it to be escalated, but to be managed as an issue on the Strategic Issue Register. This is further outlined at paragraph 5.3.

**Figure 1 Risk 10 Official Control Delivery**

Risk Description	Score / Trend
<p><b>Event:</b> The short-, medium- and long-term outlook for Official Control delivery, for which FSS is the Competent Authority (CA), in accordance with the Official Control Regulations (OCR), for meat, shellfish, feed and wine, is extremely challenging, with a predicted shortfall of suitably qualified officials available, to allow FSS to fulfil its statutory obligations.</p>	<div style="text-align: center;">  <p style="color: red; font-weight: bold;">2*25 = 50</p> <p>(was 4*25 = 100)</p> </div>

<p><b>Cause:</b> There is a significant resource challenges facing FSS with regards to the recruitment of suitable qualified and competent staff necessary to undertake the delivery of Official Controls. This is relevant to all sectors for which FSS is CA, however this is particularly acute in the meat sector, with regards to the recruitment of OVs and MHIs. Since EU exit the ability to recruit OVs has become increasingly difficult, due to multiple factors, with the rise of private certification services, and the introduction of stringent immigration policies by the UKG.</p> <p><b>Effect:</b> This presents a critical challenge for FSS to deliver it's statutory functions as regulator and CA, with the potential to impact its reputation, trade (both domestic and export), and subsequent risks to animal welfare, the protection of consumers, and wider public health. If we are unable to meet our recruitment requirements, we may fail to fulfil our statutory obligations and/or risk legal challenge and claims for compensation from FBOs.</p>	
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**Figure 2 risk 11 Public Service Reform**

Risk Description	Score / Trend
<p><b>Event:</b> The medium to long term projections of demand and cost for all Scotland's public services are extremely challenging. The Scottish Government has committed to a 10-year Public Service Reform Programme and strategy to:</p> <ul style="list-style-type: none"> <li>• ensure public services remain fiscally sustainable, by reducing the costs and reducing long-term demand through investment in prevention.</li> <li>• improve outcomes, which will improve lives and reduce demand.</li> <li>• reduce inequalities of outcome among communities in Scotland, recognising the need not just for improved outcomes, but a focus in policy and delivery on those most disadvantaged.</li> </ul> <p><b>Cause:</b> The medium to long term projections of demand and cost for all Scotland's public services are extremely challenging with a projected £1 billion shortfall in funding of public services from 2025 and beyond.</p> <p><b>Effect:</b> The immediacy of this means we must continue to deliver efficiencies and make more effective use of resources to deliver services in a fashion that reduces demand , cost and improves outcomes for communities. This provides</p>	<div style="text-align: center;">  <p><b>3*25 = 75</b></p> <p>(was 4*25 = 100)</p> </div>

opportunities to collaborate better as well as share services between similar delivery bodies.	
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- 4.5 At the time of writing the 26th November 2025 ARC is yet to take place, however the following has been proposed (noted in paragraph 4.6), and a verbal update at the 10th December 2025 FSS Board meeting can be provided if required.
- 4.6 Risk 7 (figure 3) has a proposed decrease in risk score from 100 to 75. The decrease in impact comes following the appointment the new CEO of the Scottish Food Commission which provides better clarity for the future structure of the organisation moving forward.



**Figure 3: Risk 7 Changes to FSS role and Remit**

Risk Description	Score / Trend
<p><b>Event:</b> Changes to FSS strategy and work plan are needed based on Ministerial decision on our roles and responsibilities.</p> <p><b>Cause:</b> FSS is directed by Ministers to deliver on new responsibilities or that we have responsibilities relieved from us. Presently potential changes could be on the horizon with the recent change in UK Government and as Scottish Ministers understand the implications from this.</p> <p><b>Effect:</b> There may be an expectation that more be delivered by FSS to support implementation, for example, of the Good Food Nation (GFN) ACT. Any further decisions from a new UK Government are yet unknown</p>	 <p><b>3*25 = 75</b> (was 2*50 = 100)</p>

- 5 Strategic Issues
  - 5.1 For the majority of the year our Strategic Issues have remained stable. However in Q3 2024/25, strategic issue 3 External Policy Pressures increased in priority and severity (figure 4), as the majority of the work FSS carries out is driven by UK Government and external pressures.
  - 5.2 The Board is asked to acknowledge that strategic issue 3 External Policy Pressures is operationally sensitive has been redacted from the public-facing issue register and the table below due to publication of the papers. The full wording remains available within the internal version for governance and assurance purposes.

**Figure 4: Issue 3 External Policy Pressures**

Issue description	Score
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<p>The legacy of the UK Government’s post-EU Exit deregulatory statute book will continue to impact FSS. The policy and regulatory environment is now significantly more complex due to the interaction of the UK Internal Market Act, UK Common Frameworks, and the Retained EU Law Act. The UK and EU have also committed to working towards a new Sanitary and Phytosanitary (SPS) Agreement based on dynamic alignment with EU rules, [redacted]. FSS’s ability to remain fully engaged across UKG led policy initiatives within existing resource constraints will remain challenging, with consequent risks around GB/UK divergence, impact on delivery of core statutory obligations, and staff wellbeing, particularly as work on a new UK-EU SPS Agreement increases.</p>	<p>Priority</p>	<p>Severity</p>
	<p>Very High</p> <p></p> <p>(was: high)</p>	<p>Very High</p> <p></p> <p>(was: high)</p>

- 5.3 As noted at paragraph 4.4, a new strategic issue was agreed by the ARC at Q1 2025/26; Cyber Security Breach.
- 5.4 In September 2024, ARC discussed the risks presented by a Cyber-attack across FSS, at which time they felt the risk was being properly managed and mitigated by FSS. As such the risk remained stable within the EMT level 2 risk register.
- 5.5 Since then, there had been various organisations subject to cyber-attacks causing major disruptions and impacts. FSS carried out a tabletop exercise as well having an independent assessment by HEFESTIS as part of the SG Cybersecurity Coordination Centre (SC3) pathway pilot 2. The findings found FSS remained vulnerable to a Cyber-attack. The further engagement with HEFESTIS in 2025/26 provided FSS with an integrated cyber risk management service that helped FSS to understand the controls required which would provide us with greater confidence in navigating the potential cybersecurity risks we may face in the future.
- 5.6 Following these findings it was agreed at the SRMF on 13th August 2025 to re-table the Cyber Security risk to ARC where the committee agreed to its escalation, but as an issue (figure 5) to be managed on the Strategic Issue Register.

**Figure 5 Issue 4 Cyber Security Breach**

Issue Description	Score	
The focus on transformation in FSS corporate, data and digital strategies, positions FSS as a data driven and digitally	Priority	Severity

<p>enabled regulator but also increases the organisation’s exposure to cyber threats. As such, we must ensure that we have appropriate cyber security protocols to provide us with greater confidence in navigating the potential cyber threats that we may face in the future.</p>	<p>High</p>	<p>High</p>
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## 6 Equality Impact Assessment and Fairer Scotland Duty

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

## 7 Conclusion/Recommendations

7.1 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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