

FSS Operating Environment for 2025/26 Financial Year

1. Purpose of the paper

1.1 To share with the Board the operating environment of FSS in the next financial year and the challenges that the organisation faces. The paper is in three parts: part (i) sets out the operational context while part (ii) sets out the proposed response, part (iii) focuses on the role of the Board.

The Board is asked to:

- **Note** the operating context for FSS in 2025/26
- **Agree** the proposals in part (iii) for the Board

2. Strategic aim

2.1 This paper supports all of FSS' strategic outcomes.

3. Background

3.1 As FSS enters its 11th year, it is once again appropriate for the Board to take stock and consider the environmental context; the operational challenges facing us over the next financial year and the risks, opportunities and threats.

The forthcoming year will be the:

- 4th year of the present spending review period;
- and thus the 4th year of the public service review period;
- 5th anniversary of exiting the EU; and the
- 4th year of inflationary budget pressures.

3.2 In terms of organisational maturity, we continue to develop. Systems and processes were successfully put in place to cope with the functions we were delegated, and over the first 10 years these have been improved. We have also dealt with the consequences of Brexit and operated successfully during the pandemic. But in terms of savings and efficiencies there is no longer any “low-hanging fruit” and we are now facing the need for more radical change, as described by the Deputy First Minister *“to change the way that they (public bodies) operate...to ensure the stability of their public services”*, but with insufficient resources to achieve it.

4. Context

4.1 It is first appropriate to review the 2024/25 financial year. Once again it was dominated by a flat-line budget with an additional £1m of unavoidable additional costs that had to be managed. The 35-hour working week was introduced with the impact equivalent to a loss of capacity of 16 FTE. During this financial year, FSS also experienced a reduction of 9 full-time equivalents (FTE). Over the last year our capacity has therefore decreased by 25 WTE representing an 8.8% decline over that one year period. Notwithstanding the financial challenges, a new cost neutral senior management structure has been introduced with a review planned for later this year.

4.2 Our staff engagement score remained stable at 72% which puts us in 3rd place against comparably sized organisations and 9th overall across the GB civil service. Despite this, we are witnessing increased frustration in our staff as the capacity we have has a detrimental impact on our capability and desire to do more.. As outlined throughout this paper, the workload continues to increase, and we now have some inherent risk as staff become increasingly stressed with some seeking opportunities elsewhere.

4.3 On SAFER, progress is being made with some funding secured for 2024/25 and a commitment to fund for the period 2025/26-2028/29. The delays in securing the funding have however had an impact on the pace and our ability to get up to speed quickly. On SAFER, progress was made with some funding secured for 2024/25. However, delay in obtaining a commitment to fund the programme for the period 2025/26 - 2028/29 had an impact on our ability to commence implementation. The commitment to fund the later years is now in place, although the final source of funding is yet to be confirmed. This has allowed some recruitment to commence, but will see some aspects of the programme be delivered beyond the original timeline.

4.4 On meat charging, it has again been a challenging year for both FSS and the industry: for FSS the difficulties around recruitment have continued and industry increasingly share their concerns with us regarding the impact on costs from SG policy and pay decisions and the consequences of agency costs because of recruitment difficulties.

4.5 It is important to understand the operating context that the Executive believes will apply in 2025/26. And it is this context that will shape and influence how our year develops. There are several key areas relevant to how we operate and while SG expectations will remain high, they will not be matched with new or additional resources. As in 2024/25 the key areas are:

- **Financial position**
- **Stakeholder expectations**
- **Our People**
- **The political context**

- **Relevant External Factors**
- **Achievements**

5. Our Financial position

Stakeholder Expectations

5.1 Like FSS, many of our stakeholders face a range of pressures. We continue to engage with our stakeholders, but that engagement fluctuates. Our teams continue to work closely with key trade bodies on a range of initiatives (including risk analysis, the development of food safety and standards guidance, horizon scanning, exploration of use of technology, research and reformulation strategies), and to maintain productive working relationships with the meat, feed, wine and shellfish sectors we are responsible for regulating. However, it is becoming increasingly difficult to maintain this given the capacity challenges the organisation faces, alongside the breadth of our remit, the rapid developments that we are seeing across the food policy landscape, and the potential for conflicting policy priorities across GB (e.g. precision breeding and labelling). Our engagement with the meat sector has always been particularly complex, and whilst our relations with the Scottish Association of Meat Wholesalers (SAMW) are generally good, there is no doubt that the pressures from charging are having an influence. We continue to engage regularly with them, since the introduction of a new strategic engagement plan in September 2023, we have also undertaken review, in partnership with SAMW, of the charging and discount models and subsequently made some changes to the internal process for 2025/26.

5.2 Our key relationship with FSA remains strong and effective. We continue to engage at all levels and across the range of our responsibilities. Key areas are risk analysis, research and surveillance, incidents, food crime, communications, operational delivery and policy. There will continue to be closer working on these areas as well as on areas of common interest such as charging, the LA delivery landscape, export assurance and the joint report. However, there are areas where differences in scale and resourcing make it difficult for us to fully engage and keep pace with the level of policy development that is happening at UK level. For instance, the risk analysis space is becoming increasingly challenging due to capacity and the breadth of areas staff in FSS policy and science teams are required to cover. This is also the case when engaging with other UK Government departments such as Defra and DHSC, with whom we share commitments and obligations to work on a four-country basis, as outlined in our respective UK Common Frameworks.

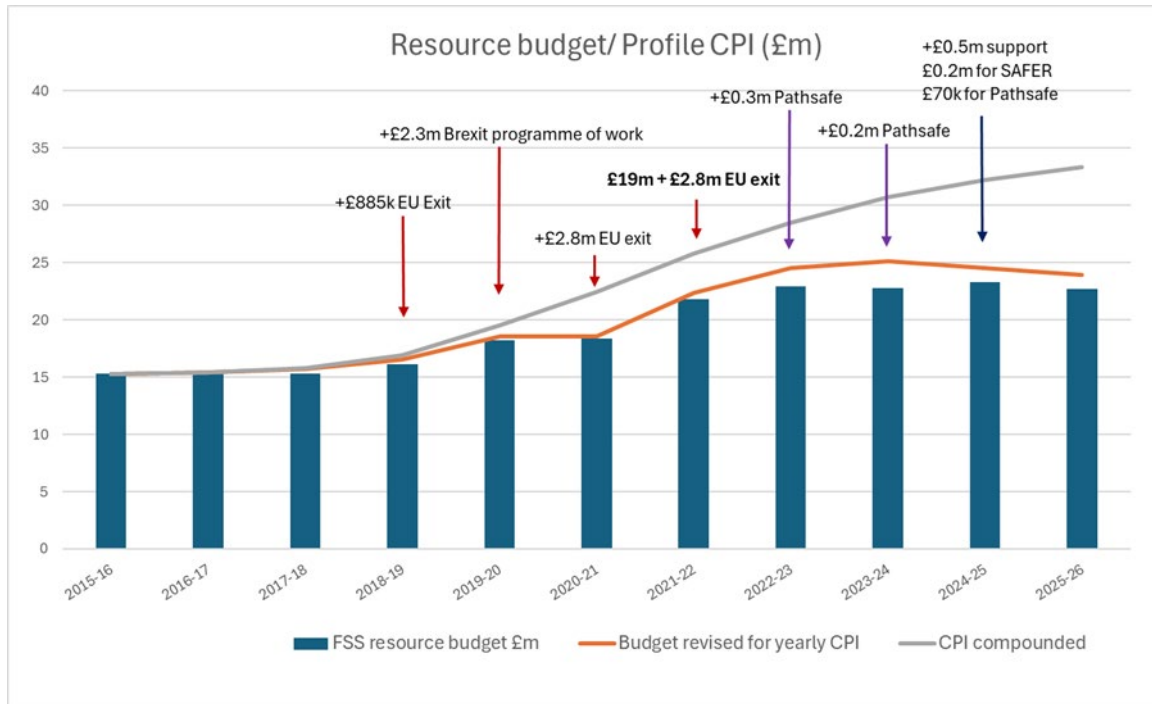
5.3 Scottish Government (SG) are of course one of our key stakeholders and we have continued to develop our longstanding collaborations with them on shared priorities such as Public Health Nutrition and One Health and deliver many key policy and regulatory obligations on their behalf for animal welfare issues. However, the increased emphasis that is now being placed on systems thinking approaches to

food policy has called upon FSS technical expertise in a much wider range of cross cutting strategies such as the Good Food Nation Plan, the Population Health Framework, Climate Change Adaptation and Confronting Antimicrobial Resistance. Going forward it will be increasingly important for us to proactively work with SG to ensure they are aware of FSS's key priorities and how they align with any work being progressed in our key areas, so we ensure the intersects with food safety and public health nutrition are fully recognised.

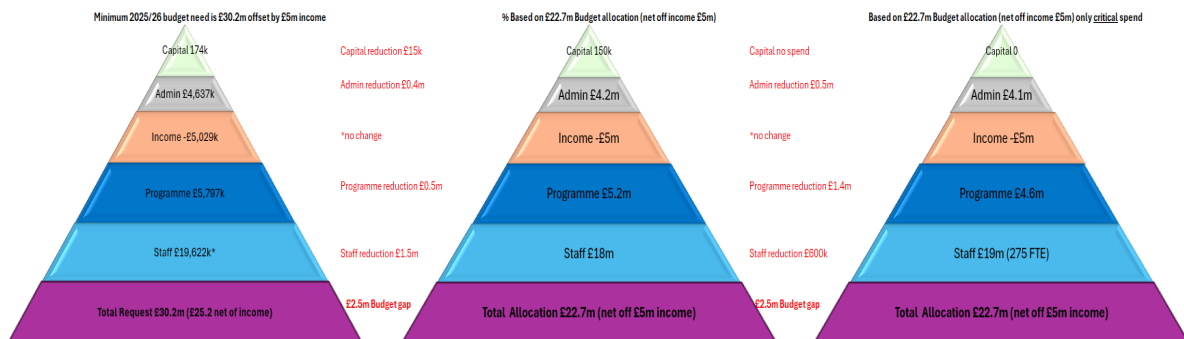
5.4 Our ability to engage across the food policy landscape was hampered this year following the expiration, in February 2024, of the appointment of our Chief Scientific Advisor (CSA). Following a review of different options for providing the FSS Board with independent scientific advice and assurance, it was agreed that the re-appointment of a new CSA was the best option for the organisation. The increasingly cross cutting and technologically complex food system we are now working in will require FSS to maintain a strong scientific profile, and it will be important to ensure this role is prioritised as we start to plan the resources needed to deliver our next strategy.

6. Delivery of Public Services

6.1 The graph below shows the resource trajectory for FSS since 2015. It shows that, except for the £7M uplift awarded to FSS between 2019/20 and 2021/22 to fund additional responsibilities we were required to take on following EU Exit, the organisation has not been given a real terms budget increase since its establishment in 2015.



As can be seen by the pyramids the proposed allocation of £22.7m is insufficient and the minimum 2025/26 budget need is £30.2m gross offset by £5m income.

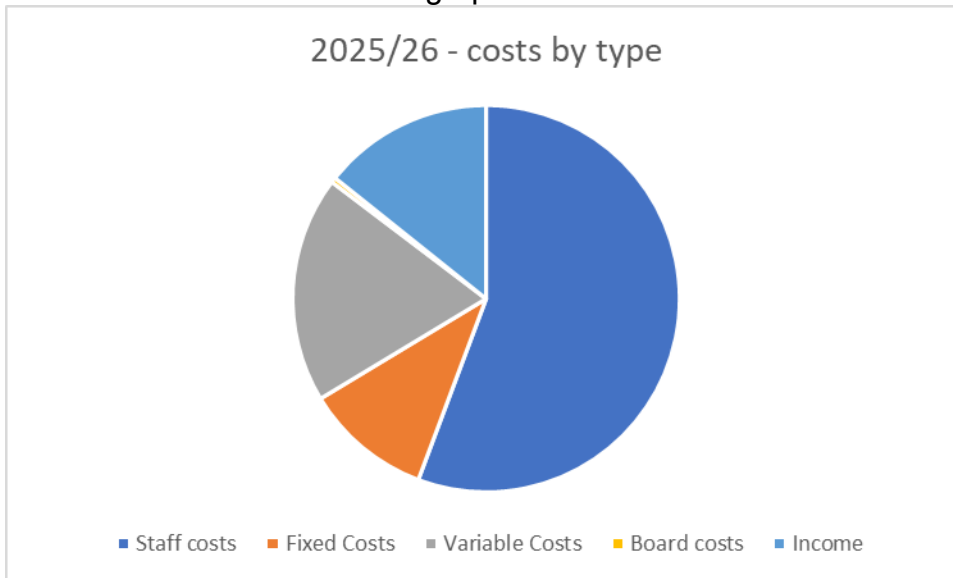


6.2 There is more discussion in the financial paper being considered at this Board meeting as well. As in 2024, the FSS proposed financial allocation for 2025/2026 will be £22.7m which represents another real term decrease in our allocation. In fact, this will mean that the FSS budget has reduced by 26.6% in real terms since 2015. As far as we can tell, it seems that FSS is the **only** organisation across the Scottish Administration that has never had a budget increase since it came into being. If our budget had kept up with inflation, then our gross allocation would be circa £33m with a net budget of £27.5m.

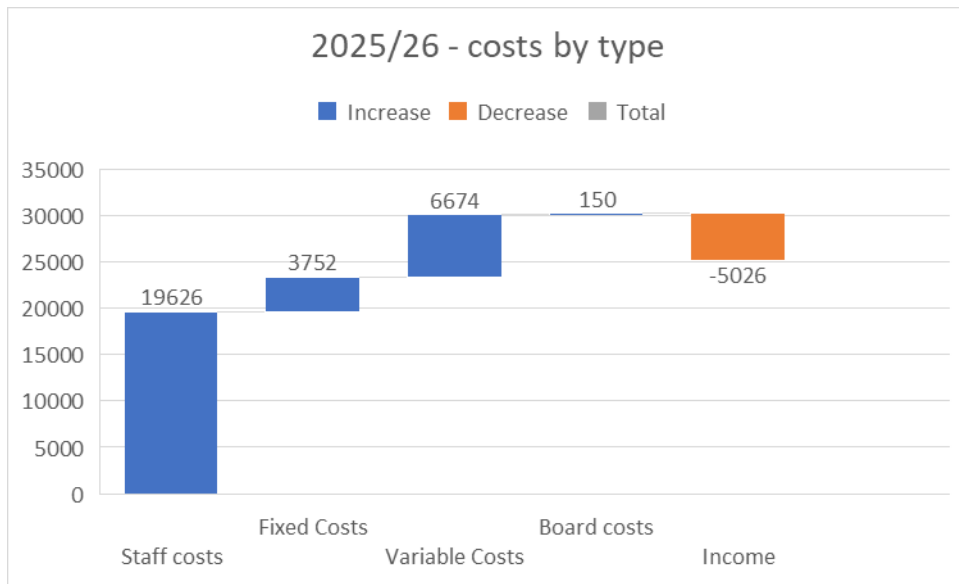
6.3 It is also important to note that the £7m increase we received to cover EU Exit consequential was insufficient, particularly considering the additional unanticipated resource that we were required to allocate to areas such as export health certification, LA COVID recovery and the provision of official veterinarians. A deal that was barely better than a “No Deal” was always going to be significant given 95% of food law and delivery of that derived from the EU.

6.4 We can also expect further requests from SG for workforce trajectories to support a workforce control framework, a workforce management policy and related governance arrangements. The intention is for the framework to be delivered in time for the start of the 2025-26 financial year. It is not clear how these controls will be applied to Non-Ministerial Offices and within our existing governance arrangements.

6.5 The organisational challenge is to continue to get the right balance between staff and non-staff costs. The graph below shows the staff/non staff split.

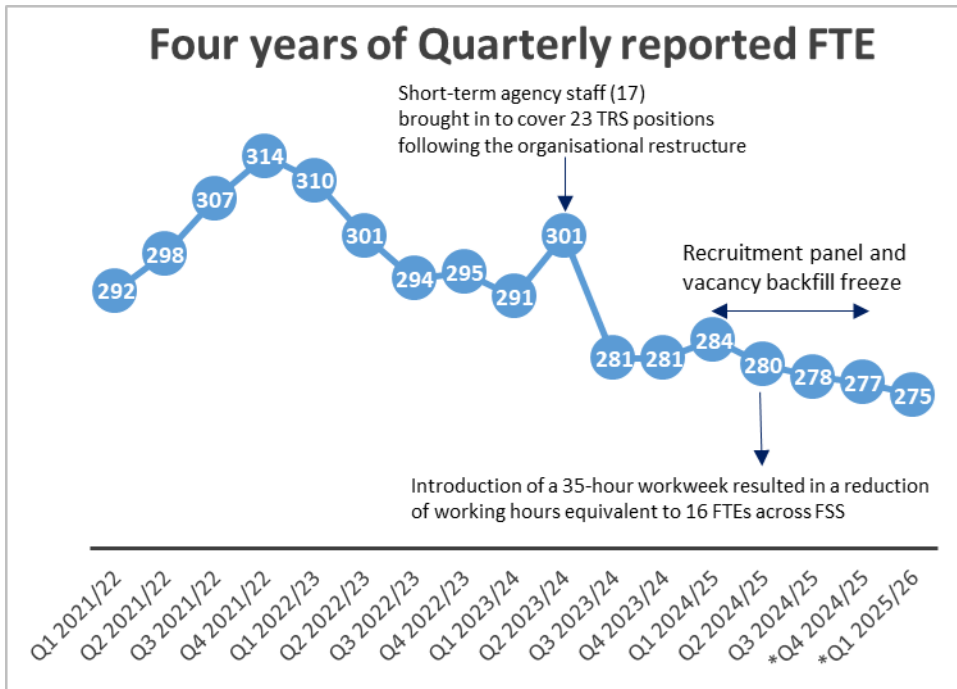


2025/26 budget requirement by type



6.6 Last year the balance between staff and non-staff costs was at 80%:20%. However, by the end of the year that ratio was **78%:22%**. As expected, standing costs (rent, heat, light etc) increased with inflation so in cash terms the non-staff costs came under pressure. This has had a significant impact on programme delivery in some of our critical functions, for example in science, where research spend on food safety and public health nutrition was 23% lower in 2024/25 compared with the average annual budget over the previous 3 years. Two of the largest areas of programme spend relates to our statutory obligations as a competent authority for Shellfish and Feed. For Feed the programme spend for extended DSLA support alone for 2024/25 and 2025/26 is c £1 million. The shellfish monitoring programme has increased year on year since 2015 with an 8.9 % RPI increase, c 330K in 2024/25 and for 2025/26 it will be 3.1 % c 80K. On the current trajectory within the next 2-3 years the programme cost will be c. 4 million per annum.

6.7 Given the SG intention to reduce the size of the public sector our FTE figures for the last four years have shown a steady and consistent decline in numbers/fluctuation with a temporary increase in Q2 2023/24 as a result of introducing a new temporary organisational structure. From 2022/23 onward, FSS end of the year FTE values are consistently lower than Q1 values, marking a persistent decline trend.



6.8 All areas now carry vacancies, and we are unable to routinely provide maternity cover, and our inability to backfill essential posts is leading to gaps in areas that are critical to the delivery of our strategy and legal obligations. For Operational Delivery where there exists a statutory obligation to provide staff daily in meat plants, this has resulted in increased costs to FSS, with temporary backfill with agency required due to the increasingly complex and arduous SG requirement process. We now review, on an on-going basis, what work will need to be stopped, paired back or slowed down. The requirement to continually re-prioritise is resource intensive and increasing budget pressures mean that we are having to make very difficult decisions on how to meet all FSS’s statutory obligations.

6.9 The other side of the finance equation is our income. On average, our net income from the meat industry was c £5m after the discount of c.£1.07 m was applied in 2024/25. Our calculation of cost is determined primarily by the number of industry hours divided by the staffing requirement and that is then spread across the relevant parts of the meat industry. For each meat plant there is an individual business agreement, and we can only charge for the utilised hours contained within these agreements. Each business also has the ability to change these hours impacting on our costs by giving a 14-day notice period and where we are unable to charge, FSS meets the staff cost. While we are seeing an increase in the hours the industry requires for 2025/26 as well as a small increase in the number of game handling establishments that pay charges. In 2015, we had 43 plants, and we now have 35 operating plants.

7. Our People

7.1 Based on current projections, if the budget remains at £22.7m in 2025/26, and assuming we retain a 78%/22% split, staff costs would need to reduce by £2.462m in one year on top of the £300,000 NICS pressure (FSS allocation doesn't currently include 50% of employer NICS costs).

7.2 It is important to emphasise that, while we need to continue to focus on improving efficiency, we are not planning or proposing cuts. However, since staff costs naturally increase each year while our core allocation from Scottish Government remains static, the ratio of staff to delivery is being increasingly squeezed. This means that without additional funding, we face ongoing challenges in balancing operational capacity with financial constraints.

7.3 As already stated, in 2024/25 we anticipate a reduction in our staffing levels **from 284 FTE to 275 FTE** which is a decrease of 9 FTE in addition to a **16 FTE** loss of capacity with the introduction of the 35-hour week. To reduce staffing by a **further 38-40 WTE** would mean a capacity reduction of **c 65 WTE in 2 years or 22%**, just under a quarter of the staffing compared to the end of 2023/24 financial year. Reductions on that scale, with limits on how that can be achieved is, in my opinion, unrealistic. The impact on FSS would be significant and make fulfilling all our statutory obligations near impossible. It would mean no further recruitment at all for the rest of the year, as well as a staff reduction of around 14%.

7.4 In Field Operations the veterinary position has improved on last year although we still incurred significant agency costs because of recruitment delays. The OV pipeline looks promising but the speed of recruitment, in particular from appointment to start date, needs to improve significantly.

8. Ways of Working

8.1 Hybrid working is clearly here to stay, and we need to recognise that it introduces a different way of working as well as leadership challenges that come with an organisation that is split between field, home based and head office staff. Pilgrim House attendance levels remain consistent albeit significantly lower than pre COVID numbers. In 2024, average of 328 desks booked per month increased from 248 desks per month in April 2023. The SG are currently undertaking a review of hybrid working following a 2-year settled period due to end from April 2025. The SG ET are considering options and there is no firm date for a decision but likely to coincide with the appointment of the new Permanent Secretary. Based on the recent staff survey results we will be looking in more detail at ways of working including hybrid working as well as flexible working options and alternative models such as 9-day fortnight. We will examine in more detail the impact of the introduction of the 35-hour working week following the recent pulse survey and analysis undertaken by Autonomy who were engaged by SG to support the implementation.

9. Staff Wellbeing

9.1 Many of the challenges outlined above increase the risk of further pressure on staff trying to deliver a significant and expanding agenda with diminishing resources. Two key areas we need to keep focused on are sickness absence and turnover. In the 2024 survey, our Proxy stress index remained at 23% compared to the 2023 survey (out of a score of 100% where the higher number the higher the stress levels) but the evidence suggests, that there are increasing risks in this area. We cannot avoid the fact that the financial position is leading to uncomfortable decisions particularly when it comes to recruitment. Staffing numbers continue to reduce whilst the budget position becomes ever more challenging

10. The Political Context

SPS and UK Government

10.1 The EU work is shifting. As a result of the UK Government's announcements regarding EU relations, work has increased on implementation of Border Controls in 2024/25 in line with the Windsor Framework. Work on finalising the UK Common Frameworks relevant to our policy remit has also increased and gradually during the year, SPS work has increased too. Pressure because of EU Exit remains and whilst it has largely become BAU, our ability to meet the demands of delivering functions previously undertaken by EU institutions, is challenging and impacting other areas of our business we would like to progress. Resourcing for science and policy for Risk Analysis work, both as part of our daily business and the UK risk analysis and market authorisation of regulated products processes is a particular challenge, given reliance on the technical expertise provided by these teams across all of our food safety and standards functions. Risk analysis is currently operating at a deficit, and recruiting vacancies in these areas would allow FSS to operate a minimum viable product and manage our ability to engage as necessary in work across the UK in this space, whilst mitigating organisational risk. It is also very clear to us that whatever agreement is reached with the EU there will be a requirement for more resources to be dedicated to it. While it remains unclear what is likely to be achieved in negotiations with the EU any form of alignment will require policy effort and legislative change, with the relevant scientific expertise to support them.

10.2 In recent years, we have also been impacted by the UK Government introduction of the Internal Market and REUL Acts; both of which absorbed a significant amount of staff time to deal with. Organisational effort will also be required to manage any impacts the UK Internal Market Act has on our daily business as usual, [should other parts of the UK make any unilateral changes to the legislative framework, as has been the case for precision bred food and feed.

10.3 Once again, the UK Government is looking for further regulatory reform to support its growth agenda so it is distinctly possible that our workloads will be driven as much by Westminster as by ourselves. Whatever UK Government decide to do, given the resource position as outlined, it is highly unlikely we will have the necessary resources to manage the consequential impact this would have across the breadth of our remit, given the way in which we work across the four countries. It will therefore be a question of what priority any UKG driven work takes given the nature of how food and feed law operate in the UK. Depending on developments here, FSS and Ministers will need to assess the implications for Scotland and consider what work we will not do and what the options and consequences are of that. For example, we rely more on FSA/UK Government to develop and shape policy notwithstanding its potential impact on Scotland, assuming of course they would agree to that. If we get to that point, then it is likely we will present options to the Board and advise what work needs to be stopped and the potential risks this creates from an organisational perspective

11. Public Service Reform

11.1 This continues to be a SG priority and remains a priority for us too. Indeed, our proposals around SAFER are entirely aligned with transformation and reform. However, the fact remains that given the financial challenges above, reform will stop or significantly slow down within FSS. To be clear, we will not be able to deliver efficiencies because we will be unable to invest in anything to help especially regarding data and digital. Our agenda will simply be one of cuts and inevitably reduction and/or stopping of statutory functions. SG has announced a £29m investment fund that is available to all public bodies and LAs in Scotland; there is a considerable governance process surrounding it and a requirement to start to return investment within 12-24 months. EMT reviewed the requirements and concluded that a Business Case be presented focused entirely on SAFER and the 5 objectives of delivery

11.2 Oracle Cloud went live following a staged implementation of Finance and HR modules during October 2024, this included Oracle Recruitment as well as the introduction of Success Profiles Framework. The finance and purchasing modules featured updates such as the new Chart of Accounts (CoA), Order to Cash (O2C), Purchase to Pay (P2P), Payroll, and reporting and budgeting functionalities.

11.3 Since October, Corporate Services has collaborated with Shared Services Programme colleagues and various teams across the Scottish Government (SG) to anticipate and mitigate IT challenges associated with this integration. As expected, the Finance system encountered some challenges, particularly regarding the inability to pay staff for overtime worked. These issues are still ongoing with escalation needed to ensure all staff affected have been kept up to date. Other challenges faced by finance staff include, but are not limited to:

- System access issues
- Data migration complexities
- Chart of Accounts coding difficulties, organisational structure change freeze in place for the past 20 months, problems with purchase order processes, setting up suppliers, and processing invoice payments.

11.4 Despite the challenges with Oracle Cloud integration (and the expected benefits that could eventually be realised with automation and self-service) FSS Finance Department took the opportunity to begin a formal restructure which will strengthen finance arrangements in certain areas (specifically Operational Delivery) whilst realising some cost efficiencies. Managing this change will take a little time and it is expected the new structure will formally land in June 2025 with savings of £200k anticipated

12. Relevant External Factors

12.1 Based on the last few years, there will be an on-going risk of UK Government decisions impacting on us, both within and out with, the four countries framework. In general terms the four countries model has had mixed success. It generally works well with the FSA, (given our respective 'arm's length' from central Government status) and in specific areas where we have common framework arrangements in place with other Government departments i.e. Defra (in relation to food labelling and compositional standards; DHSC in relation to nutrition related labelling and compositional standards, as well as FSA in relation to food safety and hygiene. The Defra Food plan and DHSC health mission and 10 year health plan will both have a potential impact on our work; food policy development and actions to improve diet will be a vital part of achieving the goals developed within the plans.

12.2 At a devolved level, we are already being required to dedicate resource to several SG led policy areas that intersect with FSS interests (see para 5.3) but are expecting to see further developments with regards to the Scottish Food Commission in particular. The Chair has been recruited, and staff recruitment is in train. It remains unclear what impact this will have on FSS but there has been a chair-to-chair meeting with agreement for further dialogue which will help manage the potential risks of mission creep and blurred lines of responsibility, duplication of effort, and/or increased scrutiny on FSS roles, remit and functions. What we do know is that there has been no funding for any additional activity that may be required from FSS to support the Commission. Again, this will be an issue for the Board to discuss once we are clearer around what the SFC is looking for.

12.3 Additionally, the rapid spread of misinformation and disinformation in the public domain presents a significant challenge. Social media and online platforms increasingly amplify unverified claims, influencing public perceptions and undermining trust in regulatory bodies. In 2024/25, high-profile debates on issues such as methane-reducing feed additives and ultra-processed foods demonstrated

how emotional narratives can often overshadow scientific evidence. As food technologies evolve faster than regulatory frameworks, there is an urgent need for proactive communication strategies to counter misinformation, build public confidence, and ensure science-based decision-making remains central to food safety governance. However, with constrained budgets and limited resources, FSS's ability to anticipate and respond effectively is becoming increasingly stretched.

12.4 Recent Scottish Government financial controls on marketing expenditure have further restricted FSS's ability to invest in public health messaging and brand awareness. While FSS has already significantly reduced its marketing and communications budget since 2022, these new restrictions further limit proactive engagement with the public. Although FSS operates independently and retains an element of discretion, there are important optics considerations that must be managed.

12.5 And finally, the other relevance here will be the Scottish Election in 2026. There will be the usual Pre-Election Period that will bring limitations on what we can say and do during that time. Thereafter, the new Government and new Parliament will be in place, and we will need to analyse and understand the potential implications of their Manifesto Commitments and where they may be relevant to us. As well as the Scottish election in 2026, the Welsh election takes place at the same time. Whilst this will have less of a direct impact on FSS, given the nature in which we work across the UK, it is likely to have an impact on that dynamic.

Part 2 – FSS’ Response

13. Incidents and Food Crime

13.1 For obvious reasons this will always be a priority area for us and where there are non-routine/significant incidents then the organisation will continue to pivot to deal with any incidents. Aside from the, fortunately, infrequent major incidents, since 2020, there has been a general rise in food and feed incidents with current figures around 40% greater than that in 2020. In addition to this, incident investigation has become more prolonged and complex with improvements in Whole Genome Sequencing (WGS). This has resulted in a slight increase in outbreak investigations and a 50% increase in level 2, non-routine investigations over the 4-year period. Since 2022, there have been 5 incidents which have taken over 300 days to investigate, with one outbreak taking 1120 days to complete and mitigate risk to consumers. In addition to recorded incidents, the team also manage issues which require investigation and assistance to LA’s but do not meet the criteria of an incident. Again, since 2020 these have increased significantly. UKHSA have recently doubled their capacity to look at outbreaks using WGS which is likely to lead to an increase in incident response from FSS. The impact on the organisation goes wider than just the incidents team with significant support required from across several FSS Divisions.

13.2 In terms of food crime, the organisation has seen a year- on- year growth in demand, with an increased volume of intelligence leading to lengthy criminal investigations which result in suspects being reported to COPFS for prosecution at petition level due to the seriousness of the criminality involved. The preparation of these reports and supporting evidence has resulted in the capacity of staff available to be allocated to new investigations being severely hampered. This should be considered alongside the favourable conditions for criminality that have and continue to be present, with EU exit, Covid 19, price inflation, extreme climate events, the Ukraine/Russian conflict and other geo-political events having an impact on global food supply chains. This has opened new avenues with increased incentives for individuals or groups to commit food crime. To give some perspective into the extent of the problem, research carried out by the University of Portsmouth and published by the FSA in 2023 suggested that the estimated cost of food crime on the UK ranged between £410 million and £1.96 Billion annually (cost to consumers, businesses and government).

14. Data and Digital

14.1 Digital transformation has become increasingly important in enabling us to work smarter and optimise the data we collect. We now have a dedicated strategy and governance framework for overseeing new digital developments in FSS, and ensuring our work follows best practice and aligns with government standards. This is led by a dedicated digital and data steering governance group (DDSGG) which ensures end products are aligned to strategic priorities, offer value for money, meet the needs of all users across the organisation, and are future proofed. In 2024, the DDSGG undertook a Data Maturity assessment which has enabled us to better understand digital and data science requirements across FSS, and the levels of capacity and capability that exist in the organisation for managing and analysing our data in a way that supports our organisational priorities.

14.2 By providing a forum for controlling data and digital developments in a more strategic and co-ordinated way; the DDSGG has helped us to make best use of our very limited pool of specialist digital and data science expertise to make progress in the following areas:

- Development of a new in-house system for replacing our current, externally contracted data base for the collection of data on official controls in slaughterhouses. This Operational Delivery IT Solution (ODITS) has required close collaboration between our Operational/Veterinary field staff, data science, and digital experts, and a dedicated governance and project management structure to ensure that the new system collects data that is fit for purpose to meet regulatory requirements, includes built in verification to ensure data quality, and is structured in a way that supports analysis and reporting.
- Joining with the SG Cloud Infrastructure to provide a secure, sustainable and cost-effective platform for hosting FSS systems which complies with industry standards and supports systems and data interoperability.
- Improved access to national sampling and LA interventions data held on our central Scottish National and Food Sampling Databases (SND and SFSD); allowing us to carry out bespoke analysis, build new reports and create our own dashboards - reducing reliance on contractors and development costs.
- Increased focus on data analysis across the business, including the use of Power Bi in performance reporting, in depth analysis of SND data sets to support SAFER and in-house modelling of data generated through citizen science research on domestic fridge temperatures.
- Provision of expert support to scope the data requirements for a new food registration digital system (FRDS) prototype that will support our future objectives for the SAFER programme.

14.3 In addition to these outputs, cyber resilience continues to be a priority for Digital and Data Support governance Group (DSGG).

14.4 In 2024, FSS was selected with seven other Scottish Public Sector organisations to work with HEFESTIS as part of the SG Cybersecurity Coordination Centre (SC3) pathway pilot 2. This engagement provides FSS with an integrated cyber risk management service that is helping us to understand the controls we need and will provide us with greater confidence in navigating the potential cybersecurity risks we may face in the future.

14.5 Our ability to further develop data and digital capacity and expertise in FSS will be highly dependent on resourcing. Whilst we have taken steps to retain our small team of digital specialists during the 25/26 financial year, the organisation lacks resilience, particularly in relation to the maintenance of systems for hosting our official data and the availability of in-house analytical/data science expertise. It will therefore be necessary to review our future ambitions in this area and the level of resourcing that we will need to maintain and strengthen organisational capability into the future.

14.6 The Scottish Authority Food Enforcement Re-Build programme (SAFER) is an ambitious Food Standards Scotland proposal to develop and deliver a new model for food law regulation in Scotland. The current system is not fit for purpose and presents significant public health, economic and trade risks. It is essential that all aspects of the system are reviewed and modernised.

14.7 SAFER proposes transformation of the system for food law regulation and enforcement in Scotland. It will ensure that the delivery model is efficient, robust and sustainable with significantly less or without the need for government subsidy; targeting interventions which optimise public health protection and support a thriving food sector.

14.8 SAFER is an organisational priority and will support the following outcomes:

- Public health protection & assurance through an effective and targeted intervention system that reduces demand on official resources by strengthening business self-service and optimising data to ensure interventions are directed to the areas where they are most beneficial;
- A strategy for ensuring the funding model is sufficient, sustainable and dynamic; incorporating a transparent business charging system;
- Alternative qualification pathways increasing resources to deliver food law through redefining the routes to competency for food law officials;
- A Food Law delivery model focused on risk and non-compliance;
- Vital training and practical guidance;
- Digital solutions that will increase efficiencies through the development of tools and analytical methods which allow data and resources to be used in the most effective manner.

- A centralised digital system that requires annual business registration with automation of processes and use of other systems such as SCOTPAY.

14.9 Confirmation of funding to run the programme is expected by the end of March allowing acceleration of planning, discovery and delivery phases.

15. Ways of Working

15.1 From a leadership perspective, we have introduced the new structure with more autonomy and empowerment at Head of Division level and removed or reduced some of the hierarchy around decision making. We intend to review the effectiveness of the new structure in Q1 of the next year and our intention is to develop the ethos of autonomy and delegation further down the organisation.

15.2 Staff are without doubt our greatest strength and it is why retaining our focus on staff well-being will be important. The staff challenge **isn't** our capability because we have experienced, knowledgeable, skilled and committed staff; the challenge – and perhaps frustration – continues to be is the impact of the lack of capacity. I expect that we will continue to deliver to the very high standards we set ourselves, but the quantum of what we can do will need to be reviewed constantly against the context outlined above.

15.3 With regards to the delivery of change, we now have considerable experience of both business and organisational change. While perhaps we don't recognise it enough, our experience of change over the last 9 years should give us confidence in our capability to continue to deliver change.

16. Our Planning

16.1 Delivery of public services isn't getting easier; if anything, it is getting harder, not least because of the financial pressures and while there will be a need to be agile and flexible, we can also bring certainty to some degree. As part of the planning for 2024/25, we have already had to review what we can deliver. The Corporate Plan¹ agreed by the Board gives us clarity on what it is we want to do, even though we'll have to accept there is some element of risk in having to adapt to circumstances. The two-year plan at least enables us to make some decisions beyond a one-year time horizon.

¹ https://www.foodstandards.gov.scot/downloads/FSS_Corporate_Plan_-_Final_version_for_publication_-_28_May_2024.pdf

Part 3 – Role of the Board

16.2 At a strategic level, the Board's decisions and expressed views give the Executive its "licence to operate". Once the Board has decided or commented on an issue, it enables the Executive to operate within that framework. This manifests itself most obviously in the Executive being able to say, "the Board's view is...". Hopefully, the Board is now seeing that through the clearer articulation of the risk appetite on issues to help inform Board discussion and decisions.

16.3 The Board Champion approach has been rolled out with a board member supporting the new strategy development, attendance at the digital programme board and on public health nutrition. The Chair has also been active this year across the breadth of the FSS portfolio.

16.4 In 2024/25, we increased the political engagement of the Chair (alongside the CEO and DCEO) to ensure that there is a broader apolitical understanding of FSS's remit and the challenges in delivering it.

16.5 One of the main areas of focus for the Board this year will be development of the new strategy for 2026-2031. The Board will have discussed a paper on this at this March 2025 meeting. Against all the context above, developing a strategy that is meaningful and does more than "tread water" is going to be a challenge. As agreed by the Board we will be looking to sign off the strategy at the December meeting ahead of the Scottish Parliamentary Elections. Alongside the strategy we are in the process of reviewing and updating the Framework Document and the Statement of Performance Function, standing orders and Terms of Reference for the Board and sub-committees, although the latter has been reviewed regularly.

17. Identification of risks and issues

17.1 Ultimately, the main risk is going to be our continuing ability to meet our statutory and legal obligations (and that of Ministers) as Scotland's independent food safety body, fulfil our competent authority role and to protect public health against an increasingly challenging resource envelope.

18. Equality Impact Assessment and Fairer Scotland Duty

18.1 There are no specific issues relevant to this paper as it is an overview of the 24/25 Operating Environment.

19. Achievements

19.1 Despite the challenges in 2024/25 in managing a financial pressure of more than £1m, we have managed to deliver our statutory obligations, although I do not

have the confidence to be able confirm to the Board that we can do that in 2025/26 based on the current allocation. **Annex A** contains more information

20. Conclusion

20.1 There is no doubt that we are facing considerable challenges in 25/26 and while our capability remains high, capacity is at breaking point. Where we end up financially in 25/26 will determine significantly what this organisation is able to deliver. If further funding is not secured, then the focus will pretty much be on managing a significant reduction in staffing and scaling back on a whole range of statutory functions. This is a disappointing prospect for a high performing organisation.

21. Next steps

21.1 The Board is asked to:

- **Note** the operating context for FSS in 2025-2026
- After considering this paper and the finance paper, provide a view to the Executive on what action it wishes to take.

Please direct queries to:

Geoff Ogle
Chief Executive Officer
Date 26 March 2025

Annex 1 – Achievements

22. Operational Delivery

22.1 For Operational Delivery, 2024/25, largely has been dominated by the backdrop of a significant increase in the meat charge rates. While this was supplemented by a c.£1.07 million discount and an additional one-off payment of £500K, it required navigating in an even more complex environment, with the meat industry, SG officials and Ministers.

22.2 Considerable work has been undertaken throughout the year to build on the relationships with the meat industry. Detailed below is a summary of the key engagement that has been undertaken

- Hosting the Monthly Meat Industry Forum.
- Hosting the Monthly Technical Subgroup.
- Joint Efficiencies Action Group – Co-chaired by FSS and SAMW produced a report with recommendations in January 2025.
- Presentation at SAMW annual conference.
- Presentation at the SAMW Executive Council in May and November.
- Attendance at SAMW 2025 New Year meeting.
- Attendance at the Annual Scottish Meat Fair in November 2024
- Attendance at the 2024 Royal Highland Show.
- Assistance to the Industry with 3rd country mission audits.
- Attendance at various UKG, professional body and academic events, including the London Vet Show and the Highland Islands Veterinary Services Scheme Conference.

22.3 In addition, FSS in partnership with the Scottish Association of Meat wholesalers (SAMW) co-chaired a Joint Efficiencies Action Group. The scope of the group was to provide a platform to identify and explore new operational ways of working at a regulatory and industry level within the red and wild game meat sectors. Its purpose was to promote a collaborative solution-based approach with a specific focus on continuous improvement, against a backdrop of resource and recruitment constraints, at both regulatory and industry level, and from this to identify new ways of working that could be introduced. A draft report was produced in January 2025 with many of the recommendations now in flight or requiring a more strategic discussion on legislative change.

22.4 Other key highlights for the Operational Delivery division from 2024/25 include:

- Achievement of the Silver, British Veterinary Association, Great Workplaces accreditation. This is the first time a non-clinical public body has achieved this accreditation.
- Continuous daily provision of OVAs and MHIs to all meat plants in Scotland throughout the year, including during 3 rounds of industrial action and two severe weather incidents
- Extension of Delegated Service Agreements with 16 Local Authorities to undertake Official Controls for Feed.
- A new recruitment and retention strategy resulting in a significant reduction in the number of agency costs, with 7 new FSS employed TOV/OVs and 5 TMHIs.
- Commencement of a proof-of-concept study in collaboration with the Shellfish industry in Shetland on the use of remote verification for sampling.
- Development of a new digital system workflow system ODITS to replace the existing OWS system.
- Undertaking of a full inspection programme for wine standards, with the registration of the first ever vineyard in Scotland.
- High level of assurance reported from internal audit reports.

23. Science

23.1 Highlights from our Science programme in 2024/25 are summarised in the annual update which was presented to the Board in December 2024. Despite a reduced budget and staff complement, we continued to deliver across all our risk assessment, horizon scanning, research, surveillance, social science and analytical functions. We played an active role in the delivery of UK risk assessments, contributed to scientific reviews of evidence dossiers submitted to the GB regulated products (RP) service, and supported development of the service including the use of other regulator's opinions in the assessment process. We also completed a number of key research projects, including a review of the Food Law Rating [System](#), a study of clinical factors and behaviours which make people vulnerable to foodborne illness, and the design of a new shopping basket survey sampling [approach](#) to strengthen our food surveillance strategy.

23.2 Another achievement was completion of our pilot project as part of the HMT funded [PATHSAFE programme led by FSA](#), which has supported our engagement across government to promote partnership working on One Health and Antimicrobial Resistance (AMR) in Scotland. We have also continued to work closely with the food industry, public health partners and the wider scientific communities to develop outbreak prevention strategies. This includes our publication of new [technical shelf-life guidance](#), which will help businesses to understand the microbiological risks in

chilled foods and good practice in determining a safe shelf-life for these products, and our contributions to work being led by the Food Safety Research [Network](#) to support the industry in managing the risks of Shigatoxin producing *E. coli* in fresh produce.

24. LA Delivery / SAFER

24.1 The Local Authority Delivery Division has continued to strive for improvements to support Local Authorities (LAs).

24.2 We have developed the Food Law Guide, a key document in advising LAs of the full breadth of food law that requires implementation. This work has required significant coordination work by Enforcement Delivery Team, liaising with Policy and SGLD colleagues.

24.3 Within limited budget we have partnered with colleagues in Operational Delivery to provide 4 training courses for LAs on Level 4 HACCP. This is a core skill for enforcement officers. To further support technical training of Officers we have provided all LAs with 2 licences for the ABC online training platform. This is a pilot initiative to consider the effectiveness of using the platform to deliver many training needs in the future.

24.4 In March 2024 we embarked on a significant project to gather LA food law intervention data via a Time Management exercise. The initial phase over 6 weeks gathered data from the LAs on time spent on all direct and indirect tasks related to interventions at food businesses. Following collation and analysis of this data a Required Resource Calculation (RRC) exercise was conducted between December 24 and February 25. All LAs were asked to populate an excel-based Required Resource Calculation Tool using data obtained during the Time Measurement Exercise. The RRC is part of the Local Authority Resource Analysis Project and seeks to establish the resource demands of food legislation and the Food Law Code of Practice on a local and national basis. The RRC also captures data on existing resource provision thus enabling FSS to ascertain the scale of the food law enforcement deficit in Scotland.

24.5 The insights gathered from this exercise will be fundamental to understanding the costs of Official Controls.

24.6 There has been an increase in LA engagement on improvements to the Scottish National Database (SND) with increased use of system for service planning, FTE and performance monitoring. We have worked to provide improvements in data quality and accuracy, particularly in Food Hygiene Information Scheme data and have achieved efficiencies by offering LAs a simple method of publishing FHIS data via SND. We are seeing an increase in requests and support from LAs for national digital solutions rather than local.

24.7 This provides assurance that the work on a central food business registration database that will be accessed by businesses and LAs will be welcomed.

24.8 We have worked with the SG Digital team via the CivTech Programme to develop the database. The team have delivered the user journeys and been heavily involved in user research.

24.9 We have supported EU Sante F audits and 3rd Country audits, ensuring audit pre checks, preparation and field work are in place to achieve positive outcomes where possible.

24.10 We have supported Fife Council in a pilot allowing alternate qualifications from those currently specified in the Food Law Code of Practice, but which align with qualification requirements of Regulation 2017/625. This has allowed the LA to introduce a tiered approach to authorisations comprising of five tiers below the level of authorisation of a qualified EHO or FSO with these officers being trained to progress along competence levels reaching fully qualified status within 2 years.

24.11 LA Delivery intends to facilitate competency-based authorisation of officers and will consult with the necessary parties to gather views, understand any unintended consequences and develop a new standardised approach. Following consultation and option analysis the Food Law Code of Practice (Scotland) will be updated to incorporate the agreed approach with a revised competency matrix developed to support it. Practice guidance on use of the additional route will establish a clear set of requirements that will need to be met by participating LA's.

24.12 Following several incidents and an increase in LA enquires, the enforcement burden and gap in supporting guidance on the sale of unauthorised imported products (classified as Grey Market Imports) became apparent. This triggered the decision to produce enforcement guidance to assist authorised officers with the interpretation and implementation of relevant regulation for these products. We have been working closely with FSA to ensure a UK-wide approach where appropriate. Enforcement Delivery have led on this project, with input from other branches via the Incidents Prevention Working Group. The guidance is currently being finalised with SGLD before publication.

24.13 The team has also responded to 100 enforcement related queries from LAs from 1st April 2024 to present day with an average response time of 12 days.

25. Public Health Nutrition

25.1 A major milestone for the PHN division this year is the publication of a new comprehensive survey, Dietary Intake in Scotland's Children (DISH), highlighting a concerning picture of the dietary habits of children and young people in Scotland. The survey addressed a data gap of 15 years, providing up to date information on

the dietary intakes of 1,700 children and young people aged 2 to 15 years living in Scotland, during 2024. Overall, the survey highlights an important need to address poor diets in Scotland's children and young people. Although the survey indicated that some children's diets partially meet recommendations, the findings demonstrate critical areas that require attention, especially in reducing intakes of sugar and energy-dense foods while increasing intake of fibre, fruits, and vegetables, particularly in more deprived areas. The findings from the survey have been widely disseminated including a webinar attended by over 250 people including MSPs and coverage in print, online and broadcast media featuring TV and radio interviews.

25.2 The PHN team have continued to provide the authoritative source of evidence to support the development of policies aimed at improving diet in Scotland. This year, this has included contributing to refreshed nutritional standards for early years, [Setting the Table](#), where we ensured that updated new recommendations from the Scientific advisory committee on nutrition (SACN) on feeding young children aged 1 to 5 years were incorporated.

25.3 Other highlights for the year include publication of [position statement](#) and consumer messaging on ultra-processed foods to address concerns and confusion regarding this issue and was welcomed by external stakeholders. This was supported with updated consumer messaging [advice](#).

25.4 As result of developments in the evidence base, alongside concerns raised in the 2022 Scottish Government consultation on mandatory calorie labelling in the out of home sector in Scotland, the PHN team reviewed the available evidence to provide an [updated position for Scotland](#). This represents a shift to provision of calorie information **on request** (rather than labelling at point of choice), shifting emphasis towards improving the food environment (achieved by businesses reformulating their offerings), and is therefore aligned with the [PHN Strategy](#).

26. Communications and Marketing

26.1 On Wednesday 9th October we hosted a webinar to showcase the latest results in the joint annual report with FSA. Speakers included Emma Harper MSP, Heather Kelman, Chair of the FSS Board and a pre-recorded video from Minister Jenni Minto. This has increased MSP engagement and visibility. With 83 people attending, the recording and a survey was sent to all 112 people who registered. Responses from the survey rated the webinar 4/5 or 5/5.

26.2 FSS held its first food crime webinar entitled "Preventing food crime, reducing risk across the sector". The aim of the webinar was to raise awareness of the extent of criminality impacting on global food supply chains whilst outlining how food businesses could access and use the FSS food crime risk profiling tool to reduce their vulnerability. The webinar was a success with 238 in attendance.

26.3 The define and design phases of the website have been progress and work continues on the development and launch of the new website, and this is due to go live in September 2025. Initial testing has been positive across consumer, food business operators and local authorities.

26.4 FSS has significantly increased its engagement with MSPs across party lines, strengthening relationships and raising awareness of key food safety and public health issues. Recent discussions have focused on a range of critical topics, including the impact of veterinary shortages, food crime, and nutrition. Notable engagements include meetings with Finlay Carson MSP on veterinary workforce challenges, Carol Mochan MSP and Arianne Burgess MSP on food standards, and Emma Harper MSP on ultra-processed foods. Additionally, FSS has proactively shared vital public health information with MSPs, such as updates on Vitamin D deficiency, listeria risks, and the calorie content of sweet discretionary products.

26.5 Our first FSS [Accessibility and Inclusive Communications plan](#) was developed and launched in Q3. The plan ensures that everyone can easily find, access, and understand information on healthy eating and food safety, tailored to their individual needs.

27. Scottish Food Crime and Incidents Unit

Incidents

27.1 Since 2022, the incidents team has successfully managed and co-ordinated the response to over 400 food/feed safety incidents impacting on Scotland. Included within these figures have been several foodborne illness outbreaks which, although challenging to investigate, receives effective support both from across FSS and from external partners to mitigate risks to consumer health.

27.2 Our incident management system has been further developed to streamline processes in relation to data capture and the management of information so that we are more effective in terms of incident response. The system allows real time access to incident data for all relevant FSS staff and other external stakeholders, including all 32 local authorities.

27.3 Our response to food/feed safety has been further enhanced by a re-energised focus on prevention. In 2024, the FSS Incident Prevention Strategy was published and, as a result, we have seen root cause analysis firmly established in our processes along with the formation of both internal and external incident prevention working groups charged with looking holistically at preventing the occurrence or re-occurrence of food/feed safety incidents. Work has so far focussed on areas such as *Listeria Monocytogenes* in cold smoked fish, grey market imported goods, precautionary allergen labelling at catering premises and glycerol in sugar

free slush drinks, with more areas to be considered for preventative activity moving forward.

Food Crime

27.4 Since the SFCIU's food crime team was established, it has carried out 47 investigations involving a variety of crimes and offences impacting on Scotland. Fraud investigations by their very nature tend to be complex and protracted, meaning that they often take several months to investigate and progress through the criminal justice system. That said, the team has been successful in its use of Scottish common law to report suspects to COPFS for consideration of prosecution. We have seen some recent success in this regard, with 3 convictions on record, including a high-profile case involving an offender who was convicted and sentenced to 37 months in custody after he pled guilty to culpable and reckless conduct by supplying to the public a dangerous substance, namely 2,4 Dinotophenol (DNP). With more cases progressing through the judicial system, further convictions are anticipated.

27.5 Despite being small, the team has also shown its ability to react to other serious criminality in the form of counterfeit vodka which was in circulation in Scotland. Posing a serious risk to public health, bottles of this counterfeit vodka were on sale in several licensed retail premises in the central belt. The team worked quickly with the police and local authorities to identify and had 230 of implicated bottles removed from sale. One licensee has already had their alcohol licence removed with others to follow. The investigation continues with the support of local authorities and the police aimed at identifying those responsible for the distribution and supply of this dangerous product.

27.6 Other recent notable successes include the publication of the third FSS/FSA joint food crime strategic assessment, which outlines the food crime threat to the UK, the publication of our food crime prevention strategy, roll out of our on-line food crime risk profiling tool for businesses and associated workshops and our first food crime prevention webinar.

27.7 From an international perspective, despite EU exit, FSS, on behalf of the UK, continues to be a co-leader for Operation Opson, which is an annual Europol operation which targets counterfeit and substandard food and drink. This saw the organisation host the most recent operational meeting in Edinburgh in December last year. In addition, FSS continues to be an active member and current chair of the Global Alliance on Food Crime, which includes the membership of other food regulators from Australia, Canada, New Zealand, the USA and FSA.

28. Corporate Services

Business Management Performance Unit

28.1 Following a review of functions under Corporate Services an opportunity to create a Business Management and Performance Unit (BMPU) was identified. Through utilisation of existing resources and temporarily enhancing with a Performance Analyst skill set and permanent B3 BMPU Manager, to provide strategic direction, representation and resilience, the BMPU is a fully integrated, digitally enabled unit that provides a greater strategic planning capability whilst facilitating enhanced co-operation and collaboration between operational and corporate functions in delivery of the FSS strategy and business planning priorities.

28.2 Resilience was also embedded through adopting an omni-competent approach whereby team members were upskilled in numerous functions across the unit. The BMPU ultimately delivers:

- Performance outcome reporting and analysis
- Risk management reporting and analysis
- Audit coordination and reporting
- Information management including Data Protection and Freedom of Information coordination

Joint finance and business plan approach

28.3 For the 2025-26 financial year Corporate Services Division have aligned **financial** planning and business planning for 2025-26. Timelines, approach and supporting communications were discussed and agreed between the Heads of Finance and Corporate Support and a presentation outlining our revised, more efficient, approach delivered at the 30/10/24 EMT. This coordinated approach reduced the impact on Divisions through minimising communication and requests for information.

29. Audit Assurance

29.1 Over the last year FSS have delivered an internal audit programme assessing how FSS carries out its official control responsibilities. This programme of audits provides assurance that FSS is delivering official controls as expected. [How we work | Food Standards Scotland](#).

29.2 A limited external audit programme assessing the delivery of food law by Local Authorities was also completed. Action plans have been put in place by the Local Authorities concerned with a view to improving their performance.

29.3 Implementation of these action plans will be monitored [Audit and monitoring | Food Standards Scotland](#)

29.4 The Audit Assurance Division coordinates FSS input into all third country missions to the UK. We have seen a steady increase in these missions and this year we have supported a number that have directly involved Scotland: Mexico (pork and offal/edible by-products), Canada (meat inspection systems), South Korea (fishery products), EU (dairy products), EU (poultry), USA (various commodities). The outcome of these audits has a potential impact on trade from Scotland and the UK.

30. Policy and Regulatory Affairs

30.1 We continued to work with the FSA to deliver an effective and efficient Market Authorisation of Regulated Products Service across the UK. During the reporting year, following FSS risk management recommendations, Scottish Ministers authorised 33 food and feed regulated products. They also agreed to the removal of authorisations in respect of 22 food flavourings and to set a limit for residues of ethylene oxide in food additives. Scottish Statutory Instruments to implement those decision came into force in June and December 2024.

30.2 We have worked with the FSA to undertake reviews of GB import controls for High-Risk Food and Feed of Non-Animal Origin to statutory timeframes, including the delivery of any changes to Scottish subordinate legislation as required. Our third review was completed with the implementing Scottish Statutory Instrument (SSI) coming into force in December 2024. Review 4 is already well underway and review 5 started in January 2025.

30.3 During the reporting year, we worked to implement the outcome of the review of the Bread and Flour Regulations 1998, to include the mandatory fortification of non-wholemeal flour with folic acid. This has been a key piece of work across the UK and development of the Bread and Flour Amendment Regulations 2024 saw close collaboration between FSS, the UK Government and devolved administrations in Wales and Northern Ireland. The legislation was laid in Scotland on 20th December 2024 and the folic acid provisions will come into effect in December 2026, following a 2-year transition period. FSS will continue to engage with industry during the transition period to support them make the required changes.

30.4 We progressed opportunities for targeted reform of the Market Authorisation of Regulated Products, working closely with the FSA, UK and devolved governments, to make the authorisation process more efficient and effective while maintaining high levels of consumer protection and improving the service to businesses. Our initial reforms proposed the removal of the requirement for the periodic renewal of authorisations that exist for certain regulated products regimes, and to allow authorisations to come into effect following Ministerial decision and to be published in an official list or register, rather than being prescribed by a statutory

instrument. Ministerial agreement and Scottish Parliamentary consent to the GB-wide SI, made under the Retained EU Law (Revocation and Reform) Act 2023, was given in February 2025 and whilst still subject to parliamentary processes at Westminster, it is anticipated the reforms will come into effect in April 2025.

30.5 We have continued to work closely with the FSA in finalising the Food and Feed Safety and Hygiene Framework, which of the three that FSS is responsible for, is nearest to completion in line with timelines agreed across respective Governments. This is an entirely inclusive area of work, and in support of this, a further review of the MoU with FSA is also nearing its final stages.

30.6 Good progress has also been made with Defra on the Food Labelling and Compositional Standards Framework and DHSC in relation to the Nutrition related Labelling and Compositional Standards Framework.