

FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE – QUARTER ONE 2015/16

1 Purpose of the paper

- 1.1 For Information. The Board is asked to note the first Food Standards Scotland (FSS) financial performance report for the 2015/16 financial year.
- 1.2 This is the first financial performance report to the FSS Board and covers the first quarter of the current financial year (April-June 2015). The report has been developed to provide the Board with an overview of the financial performance over the period and to show how FSS plans to make use of its financial resources.
- 1.3 FSS have continued to adopt the principles of Resource Accounting and Budgeting (RAB). As such, FSS monitor both expenditure and income monthly, comparing actual and accrued spend/income on a Branch by Branch basis. This information provides a rolling full-year forecast against budget allocations which are set internally at the start of each financial year.
- 1.4 The Chief Executive has formally delegated budgetary authority down to Director level. Management of programme spend within Cost Centre budgets is delegated to Branch Heads through objective setting and as such, Branch Heads are responsible for ensuring project activity is managed within approved budgets. Any forecast over or under spend in their area of responsibility will be highlighted to the Branch Head during the monthly monitoring process and necessary action undertaken if required.
- 1.5 The internal budget allocations are used as the primary benchmark for assessing any variance between actual expenditure/income on a quarterly basis and forecast expenditure/income on a full-year basis. The budget allocations will be reviewed quarterly and re-profiled, if required, to take account of any material changes within, or between, budget lines.
- 1.6 The report is still work in progress and will be developed over the remainder of the financial year to include additional information in the following areas;
 - material changes to the FSS budget allocation
 - high level variance analysis comparing Full Year Forecast between each quarter and Full Year Forecast to Full Year Budget – including information linking the operation of FSS with changes in budget activity.
- 1.7 The proposed frequency of reporting finance performance to the Board is quarterly and will be informed by the monthly forecasting however giving the schedule of Board meetings over the remainder of the reporting year, consideration will need to be given to the timing of the financial reports and when they can be discussed by the Board in open session.

1.8 The Board is asked to:

- **Note** the first financial report to the FSS Board.
- **Discuss and provide a view** on the content and style contained within the report.
- **Note** the on-going development of the finance performance report
- **Discuss** the proposed reporting frequency of finance performance to the Board and timing of the reports in relation to the existing Board meeting schedule.

2 Background

- 2.1 This is the first budget of Food Standards Scotland and it enables FSS to carry out its functions in relation to food and feed safety and standards and diet and nutrition.
- 2.2 The budget for FSS is met from existing resources within the Scottish Consolidated Fund (SCF) and through income received from industry and other government departments in relation to the delivery of official controls in approved meat establishments.
- 2.3 FSS is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio total, and consequently the FSS budget is detailed separately in the Budget (Scotland) Bill¹. Supporting information relating to the Budget Bill can be found on the Scottish Government website².
- 2.4 The Budget (Scotland) Act 2015 received Royal Assent on 11 March 2015, confirming the financial provision for the Scottish Administration and certain bodies whose expenditure is payable out of the SCF. The FSS resource budget of £15.7 million net was confirmed for 15/16 as part of this provision.

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¹ <http://www.scottish.parliament.uk/parliamentarybusiness/Bills/85446.aspx>

² <http://www.gov.scot/Publications/2015/01/9549/0>