

FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE

1 Purpose of the paper

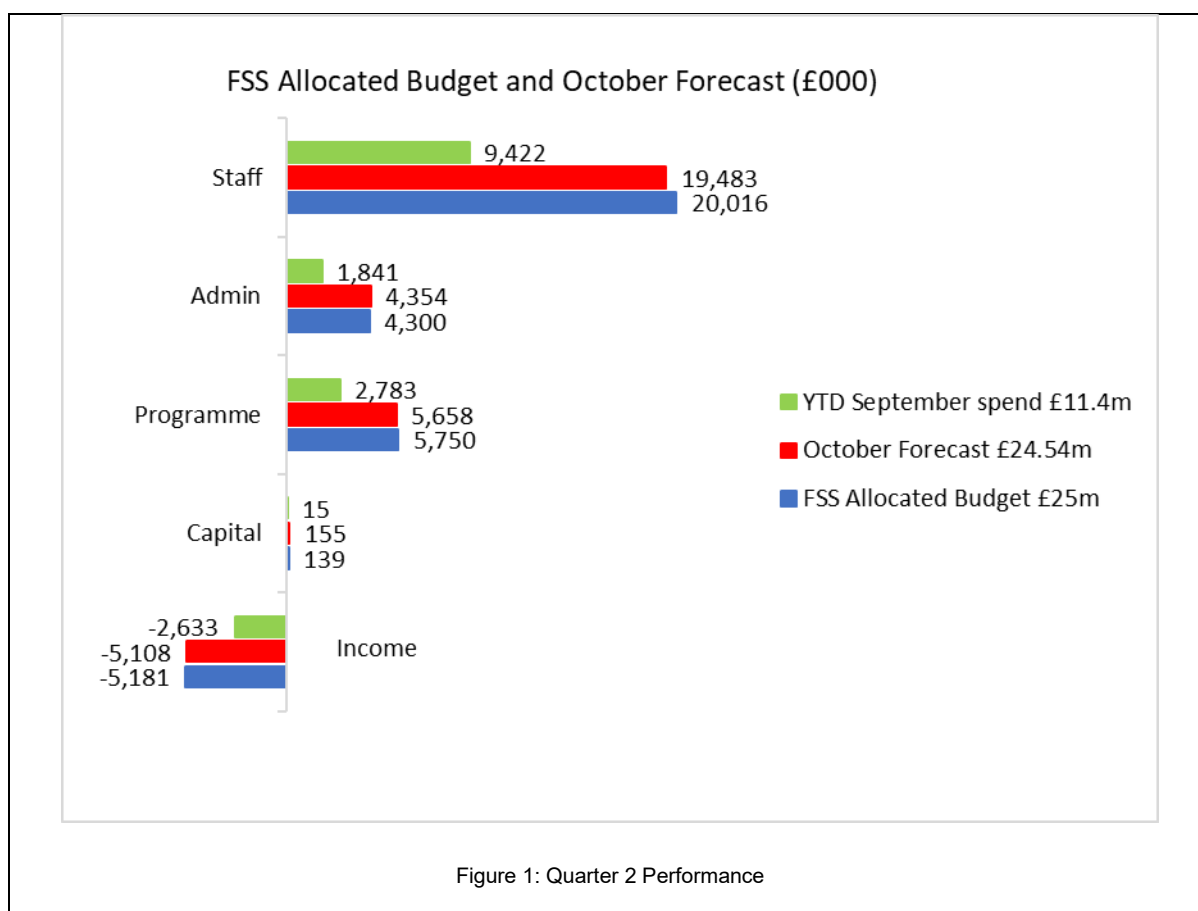
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) including actuals to the end of September 2025.
- 1.2 At the end of Quarter 2 FSS reported a full year forecast spend of £24.54m. This is an underspend of **£0.48m** against the internally allocated a budget of £25.m (this figure includes an anticipated £0.35m reduction based on vacancy assumptions 3%).
- 1.3 An additional **£3.25m** has been allocated from the SG Invest to Save Fund to for the SAFER project for this financial year. This budget will be reported separately.
- 1.4 The Committee is asked to:
 - **Discuss** the financial information reported as of 30 September 2025.
 - **Note** the FSS budget amounts for Resource and AME for 2025/26.

2 Strategic aims

- 2.1 This work supports all the FSS Strategic Outcomes and Roles.

3 Background

- 3.1 As part of this year's budget planning exercise, and as noted in the paper presented to the Board in March, FSS has internally allocated a budget of £25 million. This includes a funding pressure of £2.5 million which has been acknowledged and accepted by both the Scottish Government and the FSS Board.
- 3.2 This budget is allocated to deliver the FSS strategic objectives, and the following chart provides the top-level budget categories with the updated forecast in October 2025.



- 3.3 At Autumn Budget Review (ABR), FSS received £50k funding from Scottish Government Health and Social Care portfolio to co-fund and administer a transfer for REHIS Schools' Initiative.
- 3.4 At the Autumn Budget Review (ABR), FSS received an additional £211k funding to cover 60% of the increased 2025/26 employers NIC costs (National Insurance Contributions) for staff directly employed by SG/FSS. The ABR transfers are published and funds transferred.
- 3.5 This paper provides details of FSS budget allocation between each of the nine divisions: Communication and Marketing, Scottish Food Crime and Incidents, Local Authority Delivery, Audit Assurance, Science, Policy, Nutrition, Operational Delivery and Corporate Services.
- 3.6 The Executive Management Team (EMT) reports its financial performance for the activities against the five strategic objectives and seven strategic roles to provide an indication on the effective use of resources to deliver against the Strategy and the Corporate Plan.
- 3.7 Through monthly reports to the EMT the allocated budget is closely monitored with updates to forecast and expenditure to date. As indicated at the Board meeting, EMT

will be conducting a review of the budgetary position at the end of the second quarter to discuss and agree whether any changes are required to the allocation going forward.

4 Discussion

Financial Performance Summary

Quarterly Budget Profile v Actual expenditure: Quarter 2 (Q2) Performance

- 4.1 The following table provides an overview of the financial performance of FSS up to the 30 September 2025. The performance is based on comparing the actual spend for the quarter with the budget profile during the financial year.

| £'000 | Budget Profile 25/26 | | | | | Actual Spend Q2 25/26 | | | | | Q2 Var % |
|----------------|----------------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|--------------|-------------|
| | Budget | Jul | Aug | Sep | Q2 | Jul | Aug | Sep | Q2 | Var Q2 | |
| Staff | 20,016 | 1,650 | 1,668 | 1,685 | 5,003 | 1,592 | 1,597 | 1,508 | 4,697 | (306) | -6% |
| Administration | 4,300 | 337 | 329 | 357 | 1,022 | 302 | 320 | 296 | 918 | (104) | -10% |
| Programme | 5,750 | 541 | 523 | 642 | 1,706 | 477 | 541 | 509 | 1,527 | (179) | -10% |
| Capital | 139 | 6 | 40 | 9 | 55 | 6 | (6) | | | (55) | -100% |
| Income | (5,181) | (413) | (485) | (419) | (1,317) | (395) | (481) | (431) | (1,307) | 10 | -1% |
| Total | 25,024 | 2,120 | 2,074 | 2,273 | 6,468 | 1,982 | 1,970 | 1,882 | 5,835 | (633) | -10% |

Figure 2: Quarter 2 Performance

The actual spend in the second quarter was £633k lower (-10%) when compared to the budget profile. Some of this spend has been moved to later in the financial year and is therefore not shown in the overall budget underspend currently sitting at 480k.

- 4.2 Detail of the quarter variances are as follows:

Staff £306k (-6%) under budget

The underspend was primarily due to recruitment delays across FSS and reallocation SAFER staff costs from the FSS forecast as these will be reported separately.

Admin £104k (-10%) under budget

The underspend spending is primarily due to the reprofiling of costs to later in the year for Health Monitoring, IT hardware, CSO (Corp. Services) and Emotional Intelligence Ops Delivery training and PPE purchases.

Programme £179k (-10%) under budget

The underspend in quarter mainly due to previously estimated costs for Biotoxin, OC Sampling Officers, and Contract Management Fees being higher than the invoices received for July and August. Partially offset by increased spend related to the Parliament event supporting joint FSS-FSA Nutrition.

Capital £55k (-100%) under budget

This underspend in the quarter is solely due to SND development expenditure for MacLaren West SND data access and HP delivery costs being deferred to later in the year.

Income 10k (-1%) under budget

The decrease in effect is mostly due to the closure of Scotbeef Inverurie offset by increased business agreement requirement, staff worked across various sites, plus increased export certification work.

Full Year Forecast

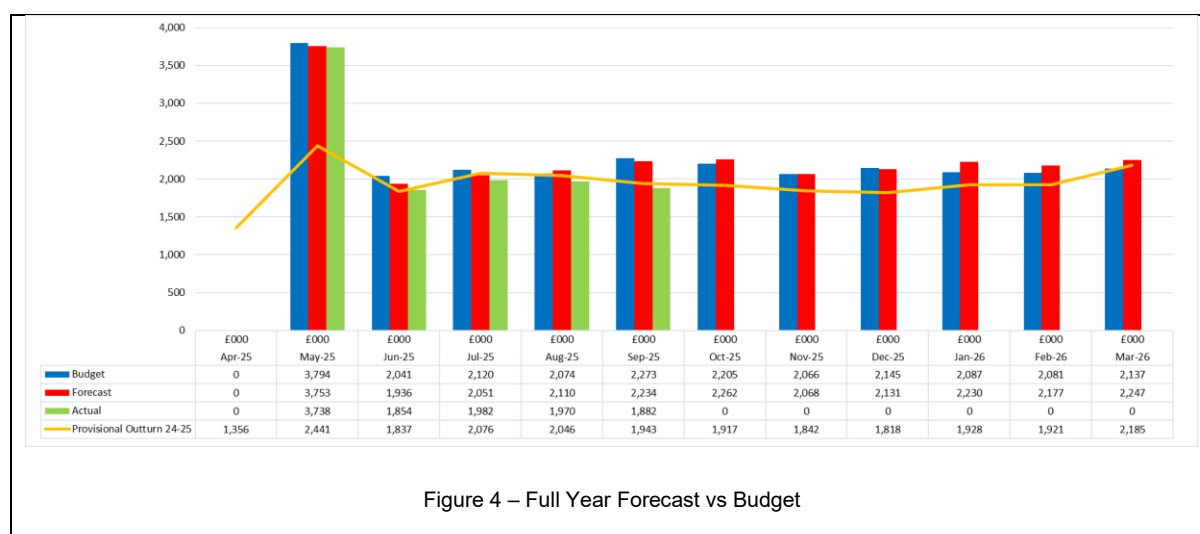
- 4.3 The FSS Budget and Forecast summary table (Figure 2) shows this budget allocation for each Division and compares this with the forecast outturn to show the variances against the budget. The October Forecast figures include the actual spend from April to September 2025 and forecasted spend from October 2025 till March 2026. This is compared to the budget to show the projected spend amount this financial year. The table also provides details behind the five budget categories in “Quarter 2 Performance” with summary details of the overall budget and forecasted spend in 2025-26 financial year.

| Division and Budget Category | FSS Allocated Budget (£000) | October Forecast (£000) | October Forecast vs FSS Budget (£000) |
|----------------------------------|--------------------------------------|-------------------------------|--|
| Local Authority Delivery & SAFER | 1,738 | 1,510 | -229 |
| Operational Delivery | 7,658 | 7,480 | -178 |
| Corporate Services | 6,301 | 6,192 | -108 |
| Audit Assurance | 631 | 576 | -55 |
| Nutrition | 1,067 | 1,030 | -37 |
| Communications | 1,140 | 1,146 | 7 |
| Scottish Food Crime & Incidents | 1,882 | 1,889 | 7 |
| Science | 2,516 | 2,527 | 11 |
| Policy | 2,092 | 2,192 | 99 |
| Total | 25,025 | 24,542 | -483 |
| Staff | 20,017 | 19,483 | -535 |
| Programme | 5,750 | 5,658 | -92 |
| Income | -5,181 | -5,108 | 74 |
| Admin | 4,300 | 4,354 | 54 |
| Capital | 139 | 155 | 16 |
| Total | 25,025 | 24,542 | -483 |

Figure 3 – FSS Budget and Forecast

Forecast Accuracy and Actual expenditure

- 4.4 Through the monthly monitoring work, a revised forecast is discussed and agreed with each Branch for all months for the remainder of the year. This is then reflected through an updated full-year-forecast, which is presented monthly in the chart below.
- 4.5 The financial performance is based on both the budget figure and the updated forecast. Each red column shows the total of the monthly forecast values and once the actual outturn for the month is available this is shown in the green column. This provides the month-to-month comparison of the variance from the budget and actual spend with the remainder being attributed to active re-profiling of spend across the budget lines.



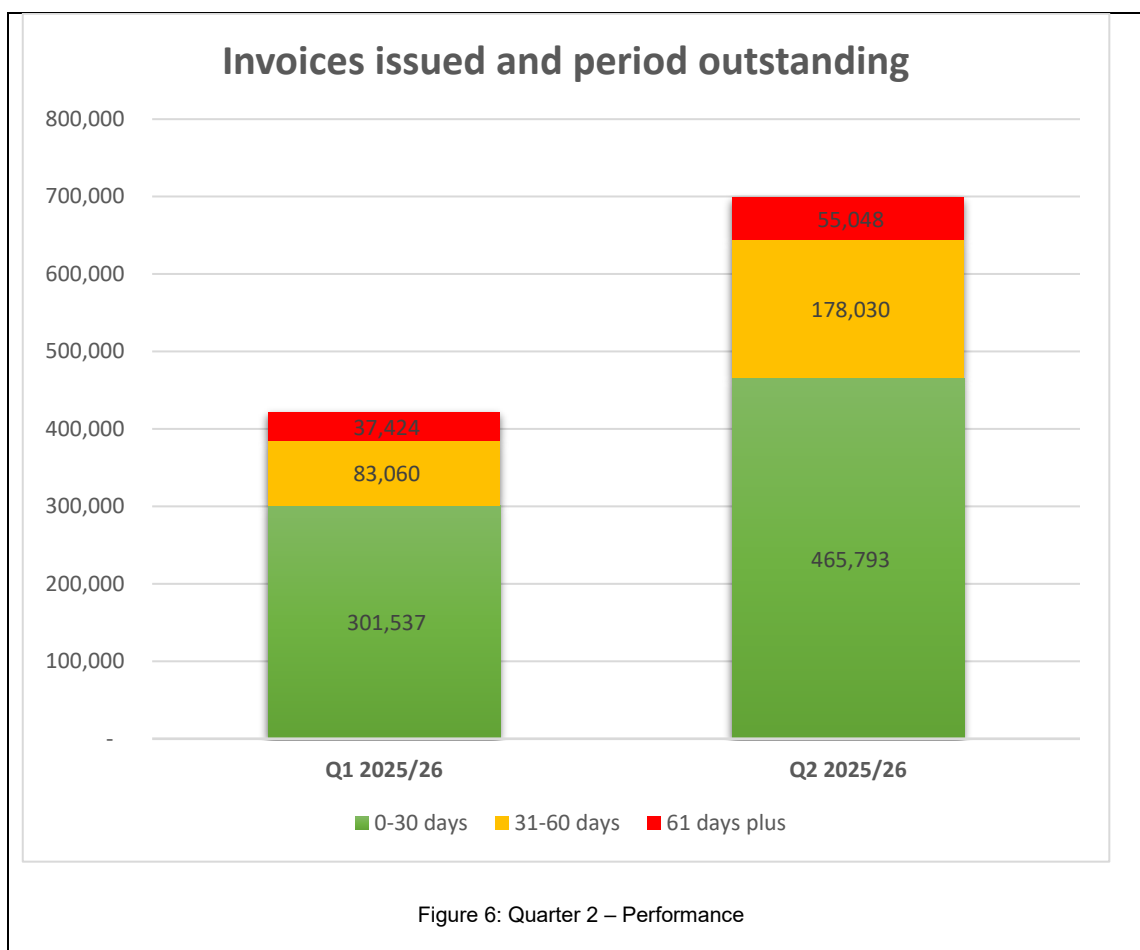
5 Identification of risks, issues and highlights

- 5.1 The Staff Complement table below provides the posts that were filled at the end of September, there were 287 (FTE) posts filled. There were four starters in the month (two temporary promotions and two permanent).

| Year | Q1 25/26 | | Q2 25/26 | |
|---------------------|---------------|----------------|---------------|----------------|
| Type of post | Staff in Post | Leavers/Change | Staff in Post | Leavers/Change |
| Permanent Staff | 261 | 6 | 263 | 3 |
| FTA - not permanent | 6 | -9 | 5 | -1 |
| Agency Staff | 4 | 1 | 6 | 2 |
| Maternity Leave | 7 | 0 | 9 | 2 |
| Seconded Staff | 1 | 1 | 4 | 1 |
| Total FTE | 279 | -2 | 287 | 7 |

Figure 5 – Staff Complement and Leavers

- 5.2 At the end of September, the cash drawn down from the Scottish Government relating to the 2025/26 budget was £12m for the year, of which £1m was for September. The bank balance as of 30th September was £1.36m.
- 5.3 At the end of the quarter, the outstanding debt was £699k. £233k of the outstanding debt was over the accepted 31-day payment term, of which £55k was over 61 days from date of invoice.



- 5.4 FSS actively monitors outstanding payments and takes action with either reminder letters being issued to Food Business Operators, senior management contacting them to discuss reasons for non-payment and then passing to our debt management contractor, where required. The major offenders are Quality Pork Processes Ltd, Scottish Government and 2 Sisters Food Group Ltd. There is also £55k (8%) that is more than 60 days overdue from A K Stoddart Ltd and Vivers Scotlamb Ltd. There remains one outstanding debt with Anderson Strathern (£3k).

6 Equality Impact Assessment and Fairer Scotland Duty

- 6.1 The budget is used to deliver the outcomes and goals in the FSS strategy and corporate plan. Both documents were finalised in 2021 and are published on our website. An Equality Impact Assessment (EQIA) and the review of the Fairer Scotland Duty was included in the Board paper at the time.

7 Conclusion/Recommendations

- 7.1 The Committee is asked to:

- **Discuss** the financial information and forecasted position reported as of 30 September 2025.
- **Note** the FSS budget amounts for Resource and AME for 2025/26.

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