

FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE

1 Purpose of the paper

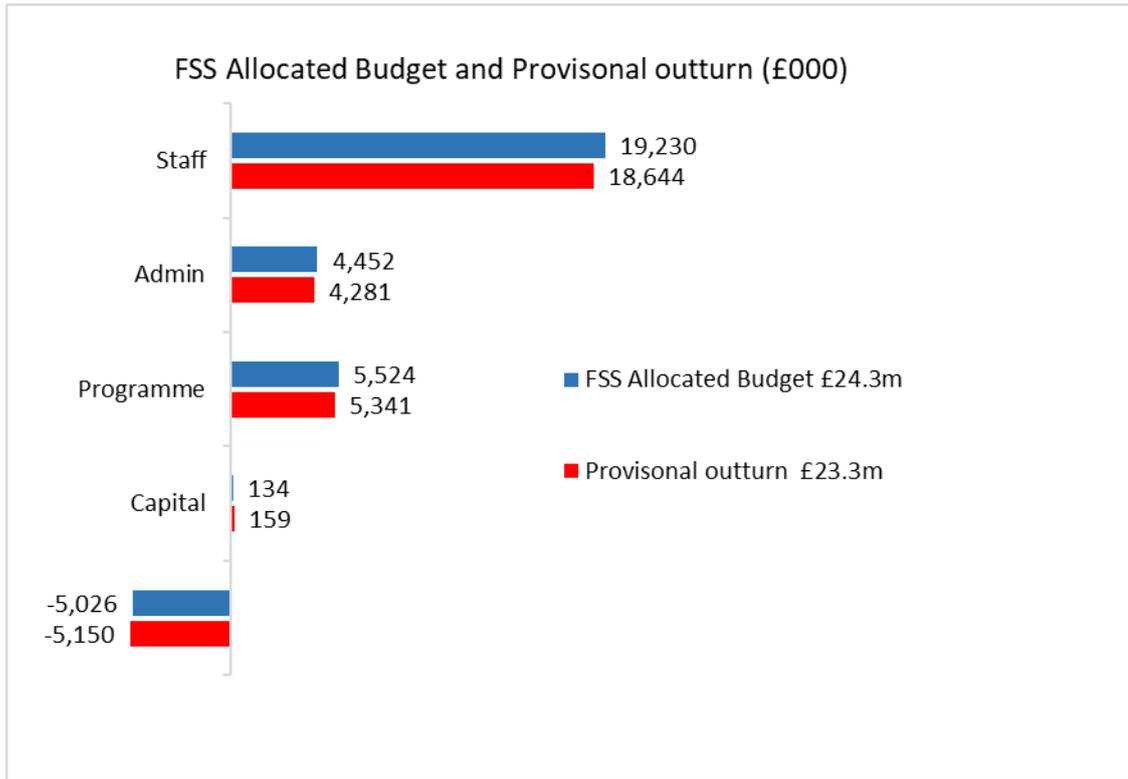
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) up to 31 March 2025.
- 1.2 At the end of Quarter 4, FSS is reporting a full-year provisional outturn of £23.3m, in line with the allocation from the SG budget. The finance team is processing the final year-end adjustments, and it is anticipated that FSS will record full-year spend.
- 1.3 The Committee is asked to:
 - **Discuss** the financial information reported as of 31 March 2025.
 - **Note** the FSS budget amounts for Resource and AME for 2024/25.

2 Strategic aims

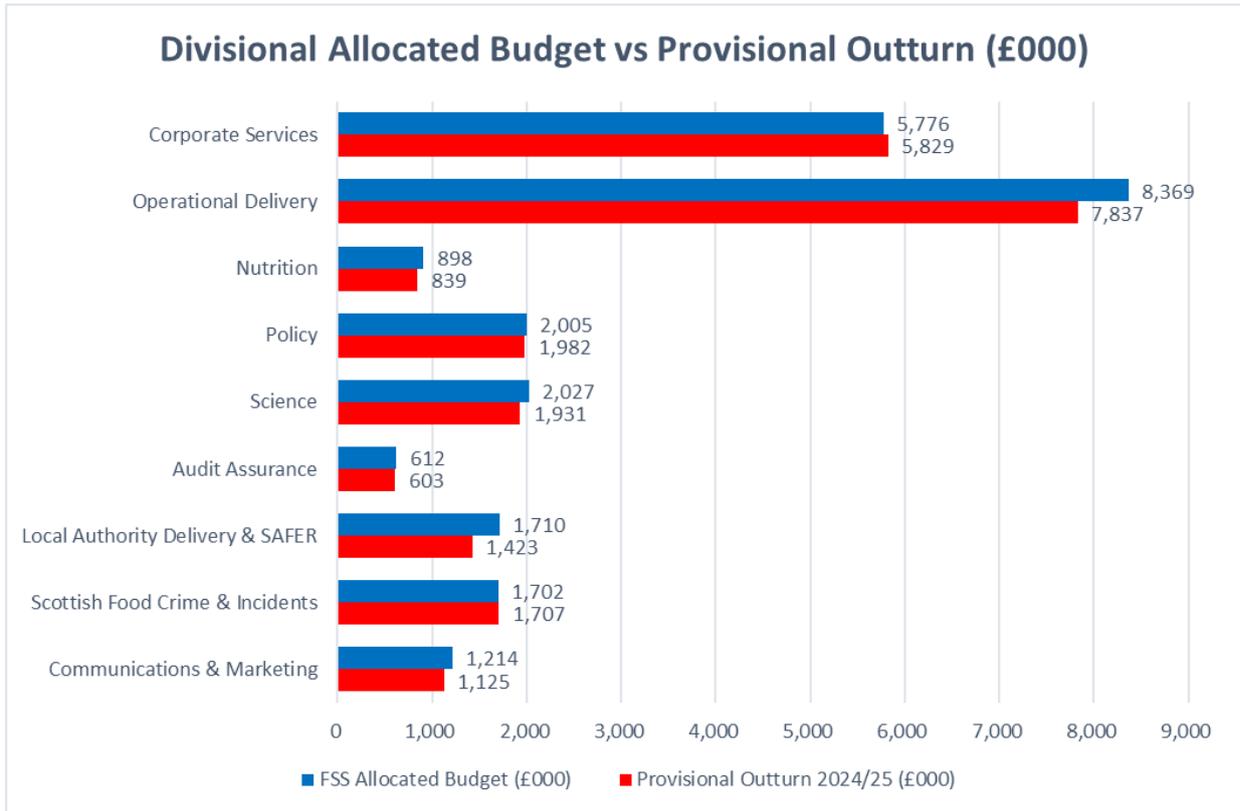
- 2.1 This work supports all the FSS Strategic Outcomes and Roles.

3 Background

- 3.1 The total FSS resource budget for 2024/25 is £23.3m and it includes £70k for the UK Pathsafe research programme, £0.5m of additional ministerial support to the meat industry and additional £166k for SAFER work.
- 3.2 The Annually Managed Expenditure (AME) budget of £470k provides the FSS pension liability provision. The AME budget has been increased by £120k at the Spring Budget Review (SBR).
- 3.3 FSS has internally allocated budget of £24.3m. This budget was allocated to deliver the FSS strategic objectives, and the following chart provides the top-level budget categories with the full year provisional outturn.



- 3.4 This paper provides details of FSS budget allocation between each of the nine divisions, within the new FSS structure applied in May 2024: Communication and Marketing, Scottish Food Crime and Incidents, Local Authority Delivery and SAFER, Audit Assurance, Science, Policy, Nutrition, Operational Delivery and Corporate Services.
- 3.5 Please note that in February 2025, an update was made to the FSS structure: the Private Office and Board branches were removed from the Communications division and added to the Corporate Services division. The budget and expenditure balances for both divisions have been reinstated.



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.

4 Discussion

Financial Performance Summary

Quarterly Budget Profile v Actual expenditure: Quarter 4 (Q4) Performance

4.1 The following table provides an overview of the financial performance of FSS up to the 31 March 2025. The performance is based on comparing the actual spend for the quarter with the budget profile during the financial year.

£'000	Budget Profile 24/25					Actual Spend Q4 24/25					FY Budget	FY Prov Outturn	FY Var %
	Budget	Jan	Feb	Mar	Q4	Jan	Feb	Mar	Q4	V Q4			
Staff	19,230	1,616	1,597	1,594	4,806	1,582	1,539	1,510	4,630	(176)	19,230	18,644	-3%
Administration	4,452	343	412	470	1,225	368	388	553	1,310	85	4,452	4,281	-4%
Programme	5,524	368	335	425	1,129	310	357	534	1,200	72	5,524	5,341	-3%
Capital	134	11	11	17	40	68	23	37	128	88	134	159	19%
Income	(5,026)	(388)	(387)	(476)	(1,251)	(401)	(386)	(483)	(1,269)	(18)	(5,026)	(5,150)	2%
Total	24,314	1,950	1,968	2,031	5,949	1,928	1,921	2,150	5,999	50	24,314	23,274	-4%

Figure 1: Quarter 4 Performance

The actual spend in the last quarter marginally exceeded the quarterly budget profile by £50k.

4.2 Detail of the quarter variances are as follows:

Staff £176k (-4%) under budget

The underspend was driven by staff leaving and not being replaced, postponed start dates to the next financial year, and lower-than-anticipated actual overtime and agency staff costs.

Admin £85k (7%) over budget

The increased spend was caused by various costs postponed to the last quarter, additional backdated electricity charges, an increase in the Civil Service Jobs annual fee, supplementary software licences, further Cloud support costs, a rent increase following the rent review, and a contribution to the FSS/FSA joint report.

Programme £72k (6%) over budget

The increased spend was caused by various costs postponed to later in the year, additional backdated electricity charges, an increase in the Civil Service Jobs annual fee, supplementary software licences, further Cloud support costs, a rent increase following the rent review, and a contribution to the FSS/FSA joint report.

Capital £88k over budget

This overspend was primarily due to delays in Quarter 3 activity, which led to funds being reprofiled later in the year. Additionally, the purchase of mobile phones, laptops, and docking stations followed ITEC's advice regarding redundant security software and the expiration of system support for organisational devices.

Income £20k (-2%) over budget

The increase in income for the quarter was due to additional hours worked across several sites and an increased business agreement requirement.

Full Year Forecast

4.3 The FSS Budget and Provisional Outturn summary table (Figure 2) shows this budget allocation for each Division and compares this with the provisional outturn to show the variances against the budget. The full year provisional spend includes the total spend from April 2024 to March 2025. This is compared to the budget to show the outturn spend amount for the financial year. The table also provides detail behind the five budget categories in "Quarter 4 Performance" with summary details of the budget allocation and provisional spend in 2024-25.

Division and Budget Category	FSS Allocated Budget (£000)	Provisional Outturn 2024/25 (£000)	Provisional Outturn vs FSS Budget (£000)
Communications & Marketing	1,214	1,125	-90
Scottish Food Crime & Incidents	1,702	1,707	5
Local Authority Delivery & SAFER	1,710	1,423	-287
Audit Assurance	612	603	-9
Science	2,027	1,931	-96
Policy	2,005	1,982	-23
Nutrition	898	839	-59
Operational Delivery	8,369	7,837	-531
Corporate Services	5,776	5,829	52
Total	24,314	23,274	-1,039
Staff	19,230	18,644	-586
Admin	4,452	4,281	-171
Programme	5,524	5,341	-183
Capital	134	159	25
Income	-5,026	-5,150	-124
Total	24,314	23,274	-1,039

Figure 2 – FSS Budget and Provisional Outturn

4.4 The full year forecast spend against the budget allocation against each of the Strategic Outcomes and Roles are detailed in the charts below. There is 4% decrease in spend against all Outcomes at this time of the year.

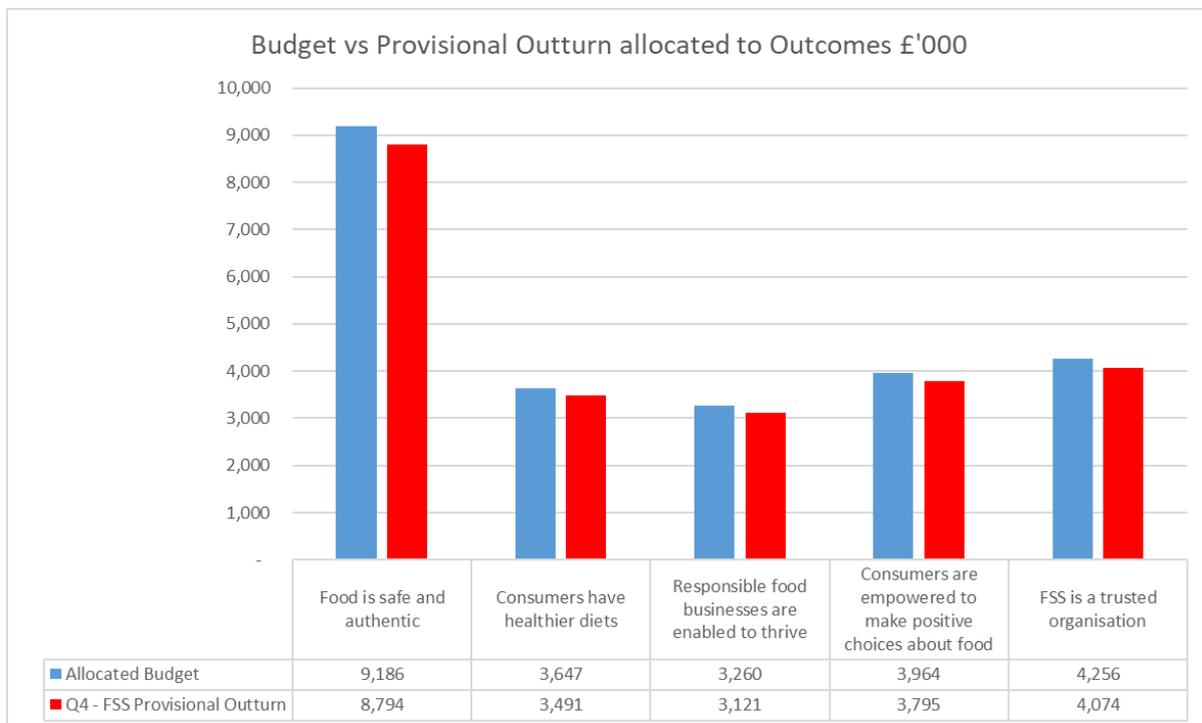


Figure 3a – Allocation of resource expenditure to Roles

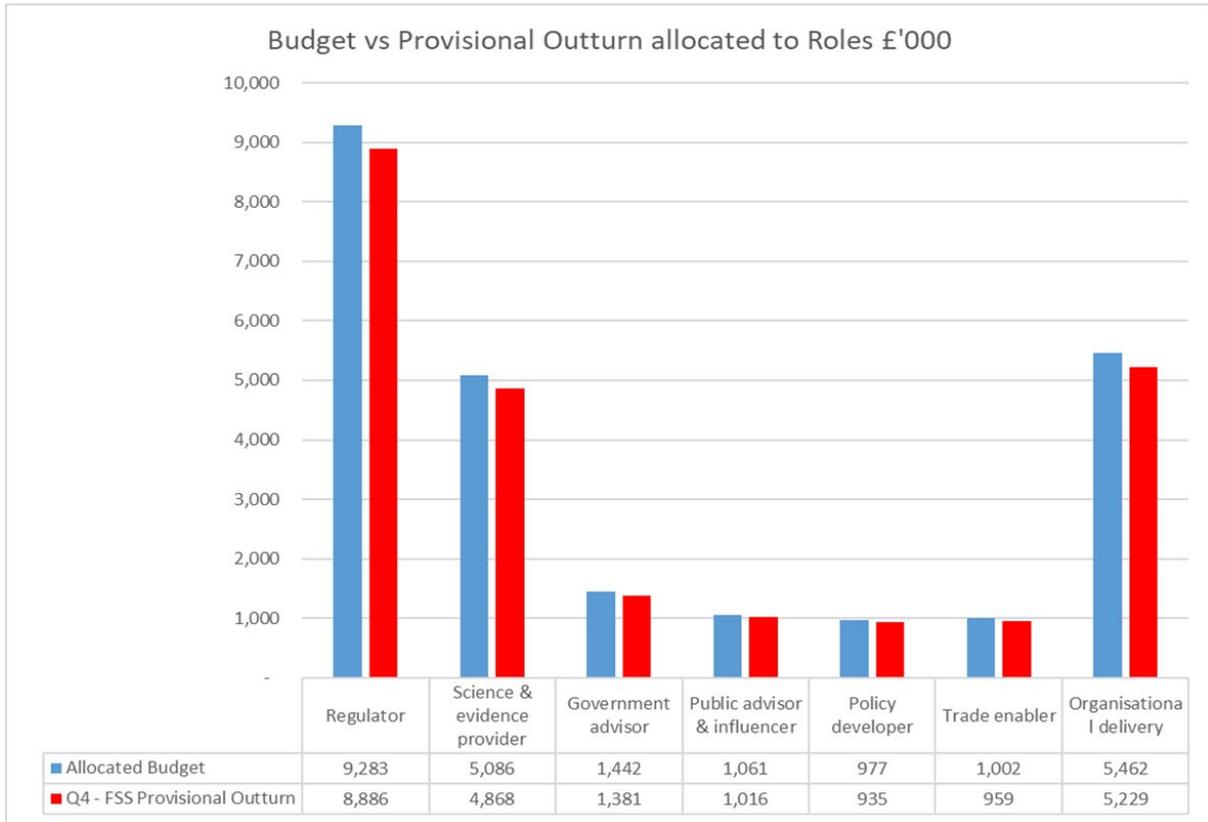


Figure 3b – Allocation of resource expenditure to Strategic Roles

Forecast Accuracy and Actual expenditure

- 4.5 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.
- 4.6 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.

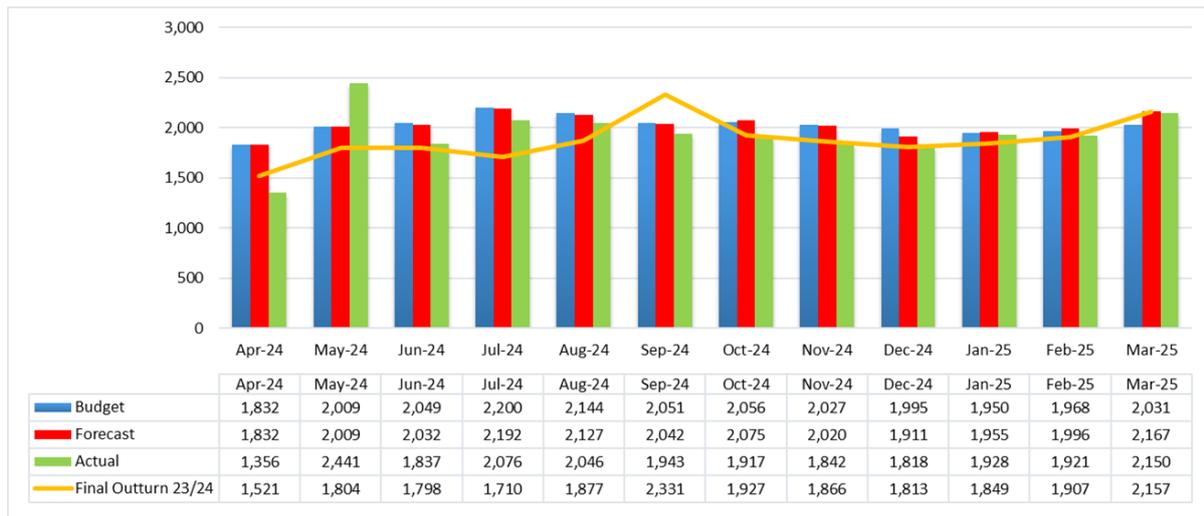


Figure 4 – Full Year Forecast vs Budget

4.7 Below is a high-level overview which seeks to provide context and explain the drivers behind the quarterly adverse variance of the actual expenditure against forecast of **£119k**, for each of the months.

January 25: The actual spend for the month was £27k (-1%) lower than forecast, primarily due to reduced Programme costs (£64k) resulting from decreased shellfish sampling and the FSS New Website project costs. This was slightly offset by Capital expenditure for the purchase of new laptops for staff (£32k).

February 25: The actual expenditure in February was £75k (-4%) lower than the monthly forecast, primarily due to reductions in various Admin expenditures—such as subscriptions, travel, and conference costs—that were reprofiled to March or reduced, including Shared Services, training, and Cloud Support costs. Additionally, Programme spend for Ops Delivery, SFCIU, and Science was also reprofiled to March.

March 25: The actual spend for the month was £17k (-1%) lower than forecast, primarily due to a £47k reduction in Staff costs resulting from salary clawback, lower temporary agency staff costs, and unfilled backfill posts. Additionally, increased income was generated across all areas. These reductions were offset by Capital expenditure for IT equipment and a Programme grant payment.

5 Identification of risks, issues and highlights

5.1 The Staff Complement table below provides the posts that were filled at the end of December. In March 262 posts (FTE) were filled permanently (including seven currently on maternity leave). During the fourth quarter two staff joined FSS on FTA basis, one left on maternity leave. Some permanent posts were filled on temporary promotion basis (14). Eighteen temporary staff covered several vacancies either on fixed term appointment (FTA -15) or on interim/agency basis (3).

Year	Q3 24/25		Q4 24/25	
Type of post	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	256	-1	255	-1
FTA - not permanent	13	1	15	2
Agency Staff	3	-1	3	0
Maternity Leave	6	-1	7	1
Seconded Staff	0	0	0	0
Total FTE	278	-2	280	2

Figure 5 – Staff Complement and Leavers

- 5.2 FSS, along with the whole of SG, has a target to pay all its supplier invoices within ten days of receipt. All invoices have been paid within the standard 30-day contract terms.
- 5.3 At the end of March, the cash drawn down from the Scottish Government relating to the 2024/25 budget was £20.0m for the year, of which £1.5m was drawn down in March. The bank balance as at 31 March was £0.8m
- 5.4 The total value of raised invoices at the end of March was £427k, which is an decrease of £20k (4%) from the previous quarter. £143k of the outstanding debt was over the accepted 31-day payment term, of which £18k was over 61 days from date of invoice.

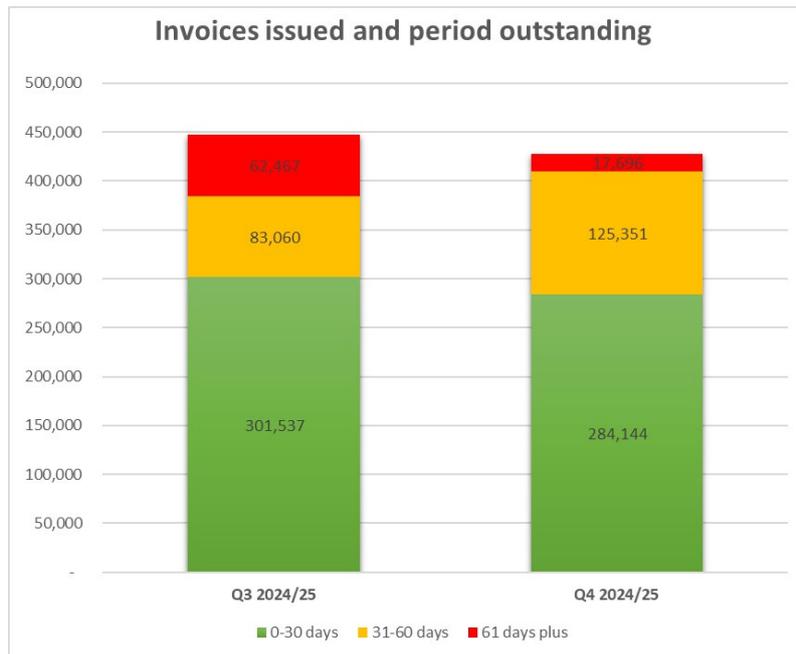


Figure 6 – Invoices issued and period outstanding

- 5.5 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.

- 5.6 There is one account remaining with Anderson Strathern for £3k (an inhibition has now been taken out against the business' owners).

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:

- **Note** the financial information and provisional position reported as of 31st of March 2025.
- **Note** the FSS budget amounts for Resource and AME for 2024/25.

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