

## FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE

### 1 Purpose of the paper

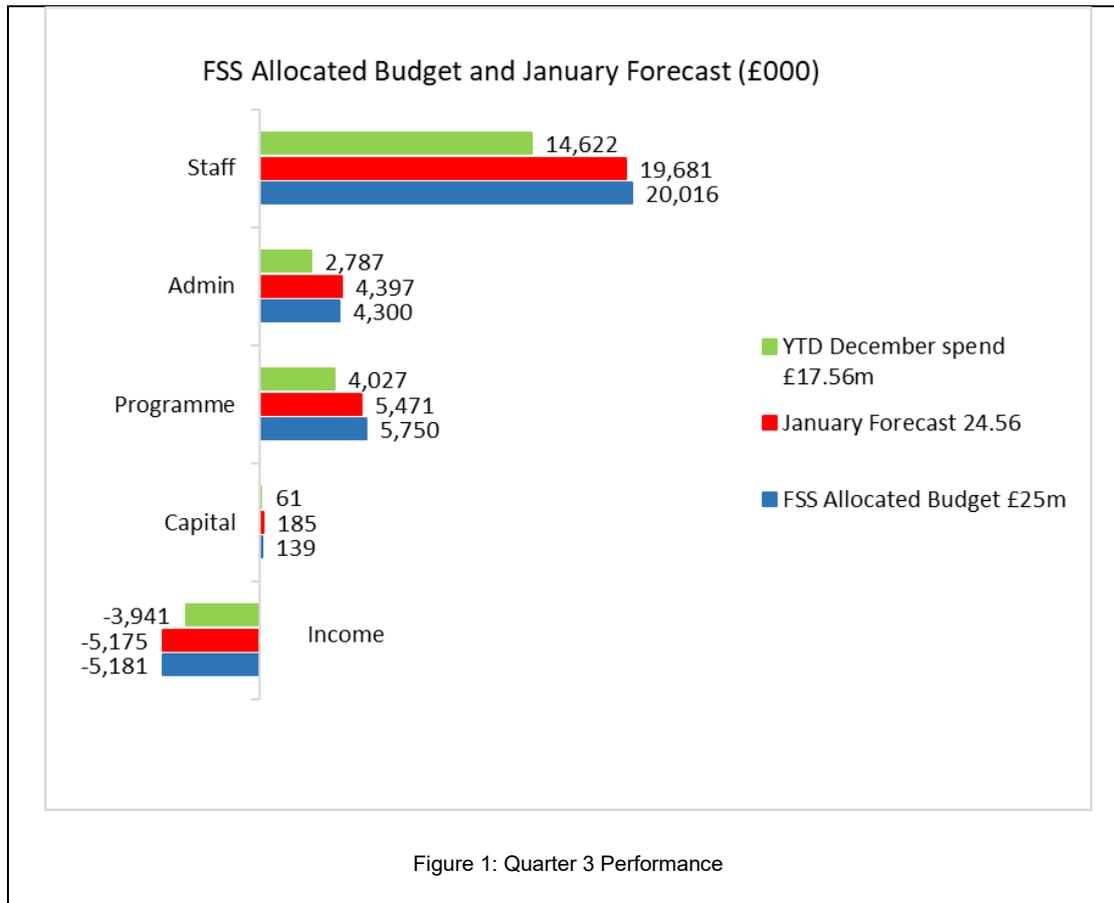
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) including actuals to the end of 31 December 2025.
- 1.2 At the end of Quarter 3 updated FSS full year resource forecast of £24.56m shows an underspend of £55k against £24.61m Spring Budget Review (SBR) allocation.
- 1.3 The full year forecast updated in January has increased by £367k from the previous month mostly due to back-dated pay awards (April – November).
- 1.4 An additional £1.16m has been formally allocated at SBR from the SG Invest to Save Fund for the SAFER project for this financial year. This budget monitoring is reported separately, and the appropriate staff costs (April-December) agreed with FSS budget holders have been reallocated from FSS budget..
- 1.5 The Committee is asked to:
  - **Discuss** the financial information reported as of 31 December 2025.
  - **Note** the FSS budget amounts for Resource, AME and SBR 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 The Scottish Government has now provided additional £2.384m at SBR. At ABR we also received further 0.261 additions to National Insurance Contributions. Budgets have been updated to reflect the SBR position. FSS has internally allocated a budget of £25m, albeit SG allocation in £24.6m, this was to include an expected organisational vacancy rate.
- 3.3 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 January 2025.



- 3.4 Planned SBR budget revisions will increase the resource budget to £24.46m plus capital £0.16k. This includes an SBR transfer of £2.38m from Scottish Government which is 0.117k less than originally anticipated.
- 3.5 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.
- 3.6 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.
- 3.7 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.
- 3.8 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.

## 4 Discussion

### Financial Performance Summary

#### Quarterly Budget Profile v Actual expenditure: Quarter 3 (Q3) Performance

4.1 The following table provides an overview of the financial performance of FSS up to the 31 December 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 Q3 25/26				Q3 Var Q3	Q3 Var %	
	Budget	Oct	Nov	Dec	Q3	Oct	Nov	Dec			Q3
Staff	20,016	1,697	1,696	1,691	5,085	1,571	1,598	2,032	5,201	116	2%
Administration	4,300	371	327	335	1,032	343	315	281	939	(93)	-9%
Programme	5,750	531	516	500	1,547	491	431	330	1,252	(296)	-19%
Capital	139	6	15	6	27	36	10		46	19	70%
Income	(5,181)	(401)	(488)	(387)	(1,276)	(401)	(518)	(389)	(1,308)	(32)	3%
<b>Total</b>	<b>25,024</b>	<b>2,205</b>	<b>2,066</b>	<b>2,145</b>	<b>6,416</b>	<b>2,040</b>	<b>1,836</b>	<b>2,254</b>	<b>6,130</b>	<b>(286)</b>	<b>-4%</b>

Figure 2: Quarter 3 Performance

The actual spend in the third quarter was £286k lower (-4%) 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 55k against SG Budget allocation.

4.2 Detail of the quarter variances are as follows:

#### Staff £116k (2%) over budget

The increase is driven by the back-dated pay award across FSS and higher overtime and agency costs in Operational delivery. The later underspend was due to recruitment delays, posts not backfilled after promotions, and staff cost reallocation to SAFER. The later

#### Admin -£93k (-9%) under budget

The underspend due to lower legal, HSE, building services and ITECS spend, plus a prepaid subscription adjustment. They later increase mainly from Procurement Shared Services, compliance costs and other admin pressures, partly offset by savings in software, training, equipment, travel and general admin.

#### Programme -£296k (-19%) under budget

The underspend in quarter mainly from delayed procurement and project cancellations, partly offset by IT development and VAT adjustments. The reduced Digital Transformation activity, lower shellfish sampling and system support costs, over-estimated budgets, and delayed or cancelled projects, with minor DSLA, survey and locum reductions.

Capital £19k (70%) over budget

The increase due to additional EMT awarded funds for IT equipment.

Income £32k (3%) over budget

The Increases are mainly driven by extra hours worked and higher Business Agreement requirements, particularly in Q3 and Q4. Income rises correspondingly due to additional hours delivered across multiple sites to meet these increased requirements.

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 January Forecast figures include the actual spend from April to December 2025 and forecasted spend from January 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 3 Performance” with summary details of the overall budget and forecasted spend in 2025-26 financial year.

Division and Budget Category	FSS Allocated Budget (£000)	January Forecast (£000)	January Forecast vs December Forecast (£000)
Corporate Services	6,301	6,031	-93
Policy	2,092	2,126	47
Operational Delivery	7,658	7,697	226
Nutrition	1,067	1,056	-9
Local Authority Delivery & SAFER	1,738	1,426	14
Scottish Food Crime & Incidents	1,882	1,901	45
Audit Assurance	631	599	14
Communications	1,140	1,162	11
Science	2,516	2,561	112
<b>Total</b>	<b>25,025</b>	<b>24,559</b>	<b>367</b>
Staff	20,017	19,681	421
Programme	5,750	5,471	-12
Admin	4,300	4,398	-35
Capital	139	185	30
Income	-5,181	-5,175	-37
<b>Total</b>	<b>25,025</b>	<b>24,559</b>	<b>367</b>

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.

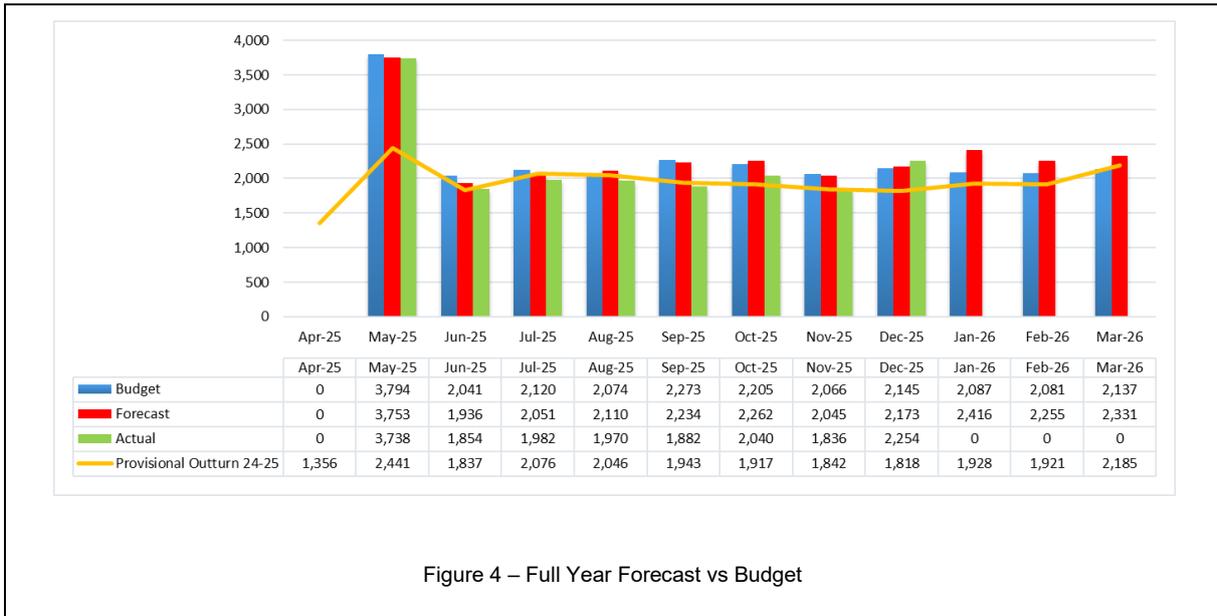


Figure 4 – Full Year Forecast vs Budget

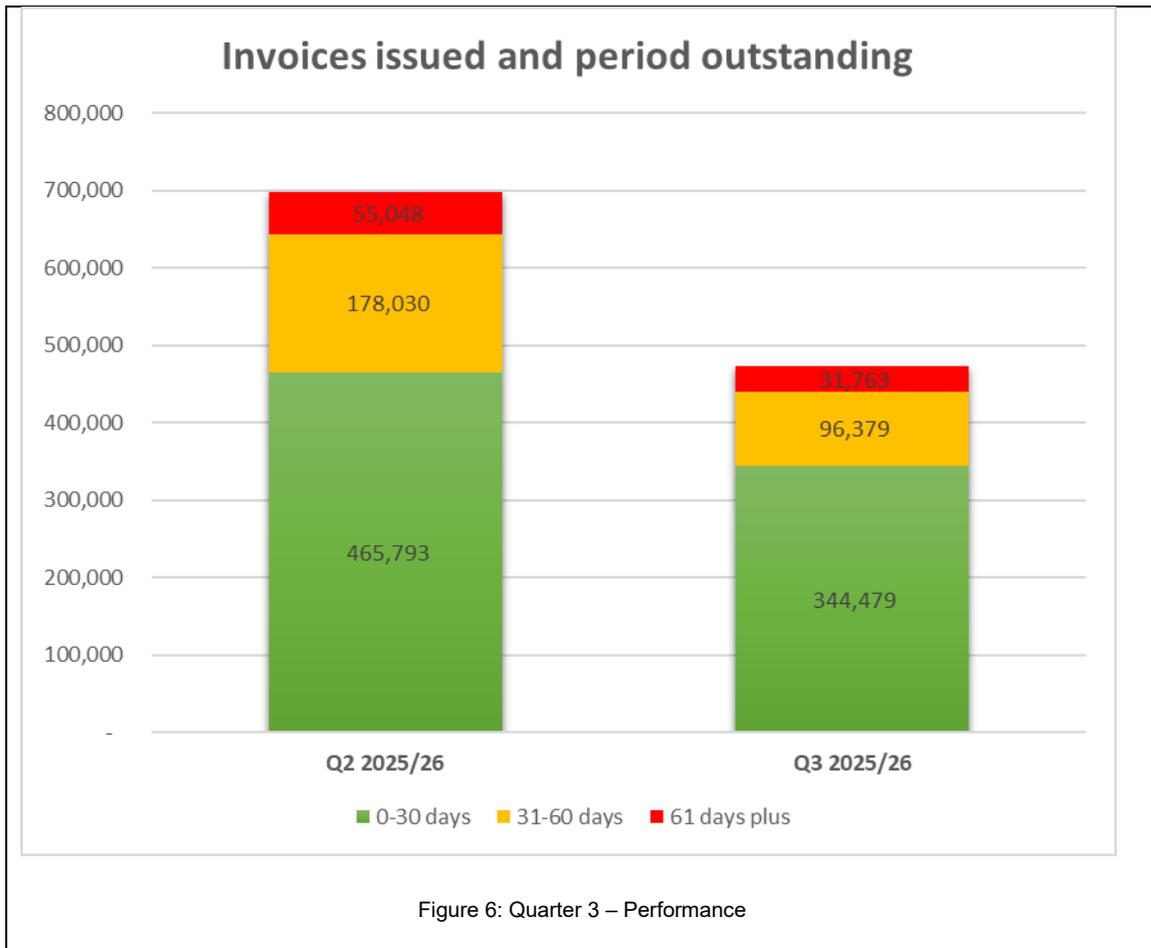
## 5 Identification of risks, issues and highlights

5.1 The Staff Complement table as at the end of December 2025 shows there were 290 FTE staff in post. This is an increase of 3 FTE at end of September 2025.

Year	Q2 25/26		Q3 25/26	
	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	263	3	262	-1
FTA - not permanent	5	-1	7	2
Agency Staff	6	2	7	1
Maternity Leave	9	2	9	0
Seconded Staff	4	1	5	1
<b>Total FTE</b>	<b>287</b>	<b>-3</b>	<b>290</b>	<b>3</b>

Figure 5 – Staff Complement and Leavers

- 5.2 At the end of December, the cash drawn down from the Scottish Government relating to the 2025/26 budget was £18.5m for the year, of which £3m was for December. The bank balance as of 31st December was £1.7m.
- 5.3 At the end of the quarter, the outstanding debt was £473k. £128k of the outstanding debt was over the accepted 31-day payment term, of which £32k 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 increase in the 31–60-day category is due to a single late invoice, which has been flagged to the Operations Manager.

The two specific issues remain

- A £3k debt with Anderson Strathern, where an inhibition has been put in place against the business owners.
- A £243 debt from a business in liquidation; the receivers have been notified of the outstanding debt.

## 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 31 December 2025.
- **Note** the FSS budget amounts for Resource AME and SBR for 2025/26.

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