

2026/27 Finance plan including end of May budget actuals and forecasted spend

1 Purpose of the paper

- 1.1 The purpose of this paper is to provide the Board with an overview of the process undertaken by the Executive Management Team (EMT) with regards to our budget allocation for the 2026/27 financial year (FY).
- 1.2 In December 2025, FSS was allocated an administrative budget of £24.8m (as detailed in the [Scottish Budget 2026 to 2027](#)) for the 2026/27 FY which includes:
 - £23.7m of the fiscal resource budget
 - non-cash (depreciation) budget of £0.7m
 - £0.4m for Annually Managed Expenditure (AME)
- 1.3 The Board is asked to:
 - **Discuss and provide a view** on the FSS budget allocation for 2026/27 (no significant update since last briefing in March 2026).
 - **Note and discuss** areas of risk that this report may present to FSS moving into the current FY.
 - **Discuss** the financial information reported as of 31 May 2026 (annexe A)

2 Strategic priorities

- 2.1 This work supports the delivery of our three strategic priorities as detailed in the [FSS Strategy 2026 – 31](#):
 - Public health and consumer protection
 - Evolving and reforming the regulatory landscape
 - Providing an effective public service for the people of Scotland

3 Background

- 3.1 As previous years, EMT has undertaken a rigorous exercise to determine the best use, and allocation, of our resource budget for 2026/27 which will be aligned to our three priorities.
- 3.2 The successful delivery of our Strategy 2026 – 31 will be monitored through a proposed Strategic Delivery Framework which was presented to the 29 April 2026 FSS Board. Since then work is ongoing to finalise strategic priority indicators, annual delivery plans and strategic risk and issues across the organisation. This work is progressing apace and once finalised will lead to preparation of a 3-5

finance plan and people plan to support delivery of the strategy. For 2026/27 FSS was allocated an entire budget of **£24.8m** for the next FY which included:

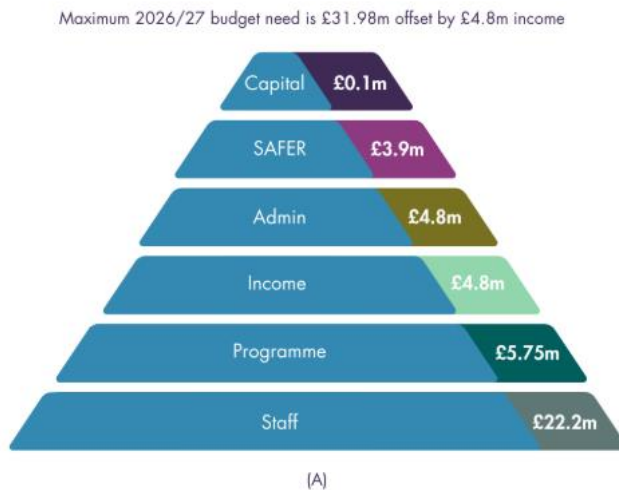
- £23.7m: resource budget
- £0.7m: non-cash (depreciation) budget
- £0.4m: for Annually Managed Expenditure (AME)

3.3 It is notable that our budget is £1m less than our entire budget allocation for FY 2025/26 (our core budget and additional £2.4 million in year transfer).

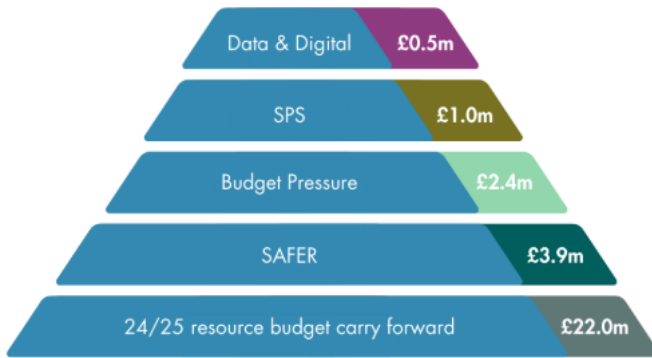
3.4 Budget planning for 2026/27 required FSS to make significant reductions across all budget lines. Whilst remarkable progress continues to be made, FSS started the 2026/27 FY with a £720k overspend position and to date no significant changes have been made. The pyramids and charts below illustrate the gap between maximum delivery requirement (**Figure A**), FSS Budget request to SG (**Figure B**) and FSS budget allocation (**Figure C**).

3.5 It is worthy to note that **Figure C** includes additional savings built in i.e.:

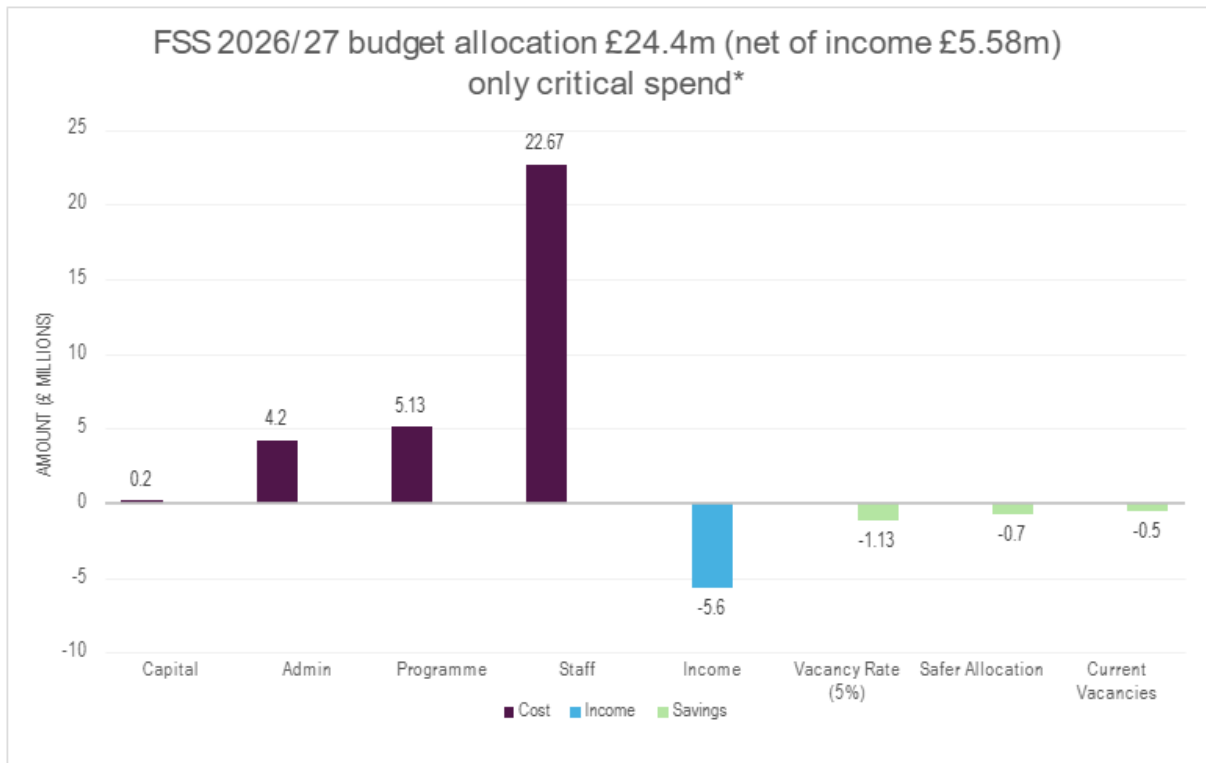
- £1.13m: a 5% staff vacancy rate
- £700k: an in-year cost recovery from SAFER monies for FSS staff time committed to SAFER work
- £500k: a deliberate recruitment pause on some key staffing posts built into the staffing budget for the year



2026/27 August budget request £30m



(B)

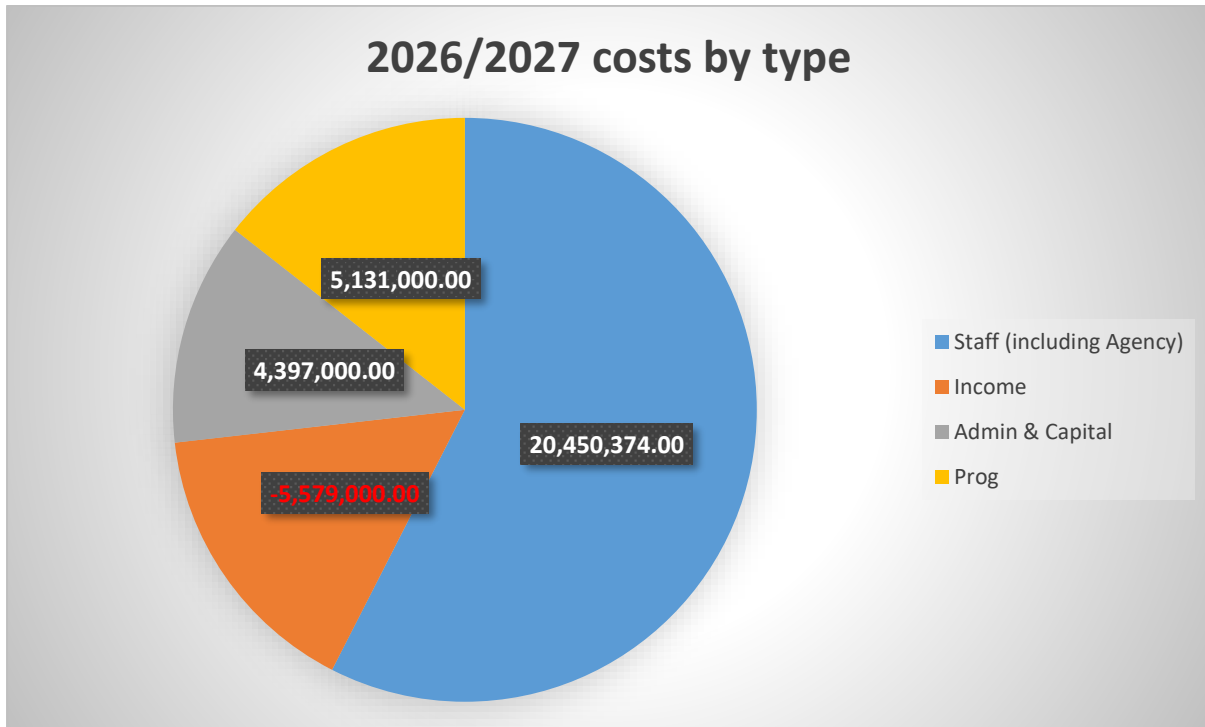


(C)

*Overall budget pressure of £0.7m

4 Discussion – allocation of budget

- 4.1 The staff budget allocation is based on an average 280 full-time equivalent (FTE) being filled during the year. A 5% vacancy assumption has been built in based on the current level of vacancies and likely leavers throughout the year; this is based on professional judgement and experience from previous years.
- 4.2 The following chart indicates the breakdown of the budget allocation for FY 2026/27.



*The staff figure above (£20,450,374) includes the vacancy rate (-£1.13m), Safer allocation (-£0.7m) and current vacancies (-£0.5m) reductions

- 4.3 FSS is part of the Scottish Government (SG) Main bargaining unit for pay settlements and is responsible for implementing the agreed settlement. FSS calculation of staff salaries cost for 2026/27 is based on a 3.5% increase during the year and totals £22.7m. Pay negotiations for FY 2027/28 are due to commence in Q1 2026/27 and will be led by SG colleagues.
- 4.4 The administration budget aims to ensure that ongoing costs across the business can be met. These are the running costs for the business including:
- Pilgrim House (rent, rates and utilities)
 - Shared service delivery (IT, HR, procurement and legal)
 - Health and safety training
 - Travel, subsistence and conference events
 - Noncash elements for depreciation and external audit charges

- 4.5 The proposed programme budget allocation across our core activity is largely based on:
- Continued obligations on the delivery of official controls for food and feed
 - Scottish Authorities enforcement delivery support
 - Food Crime and Incidents management
 - Communications and Marketing
- 4.6 In addition, our science and evidence work is delivered through the Food and Health Research Programme which includes projects already contracted with committed spend and new project ideas.
- 4.7 The proposed 2026/27 allocation requires a **44% reduction** in research and data expenditure. This will constrain surveillance activity, analytical development and the pace at which we embed data-driven delivery. These capabilities underpin dietary health policy, food safety risk assessment, food chain assurance and preparedness for a future SPS relationship.
- 4.8 FSS has an ambition to implement a programme of work for our Data and Digital strategy however with no additional funds made available this will be constrained. The new Head of Data and Digital joined FSS in April 2026 and will assess our organisational needs and propose a plan, aligned to our strategy and affordability.

5 Identification of risks and issues

- 5.1 Our budget allocation is being managed via a strategic issue and monitored through reporting to the Audit and Risk Committee (ARC). This issue is currently being refreshed in line with our FSS Strategy 2026 – 31.
- 5.2 SG Health and Social Care finance officials continue to engage with FSS to ensure that our business and associated pressures are appropriately understood. Regular dialogue will continue with SG colleagues to ensure they are informed of pressures and issues faced by the organisation.
- 5.3 The very recent FSS portfolio move from DG Health to DG Economies will require a greater investment in time and effort to build relationships and enhance greater understanding between finance colleagues regards FSS work, financial history and challenges. This dialogue will commence in the coming days
- 5.4 Funding for the SAFER programme in 2026/27 has not yet been confirmed and the programme will run on a £1m contribution from DG Communities until a decision is made post-election. SAFER currently funds several core FSS roles. If SG does not provide the expected reform funding, staff will revert into the FSS core budget, which is already under significant pressure. This would create an immediate and material financial risk, reduce programme capacity, and limit our ability to maintain statutory delivery and reform activity

5.5 SPS has now received formal commitment from SG to fund an additional 5 roles within their organisation and the mechanism to transfer these funds will be in place during the ABR transfer window.

6 Equality Impact Assessment and Fairer Scotland Duty

6.1 The 2026/27 budget will fund the delivery of our three priorities. An [Equality Impact Assessment \(EQIA\) and Fairer Scotland Duty \(FSD\) review](#) was undertaken in the development of the FSS Strategy 2026 - 31.

6.2 When the budget allocation is finalised the EQIA and FSD will be reviewed to determine where any further updates are required to either of these requirements.

7 Conclusion/Recommendations

7.1 The Board is asked to:

- **Discuss and provide a view** on the FSS budget allocation for 2026/27 (no significant update to date).
- **Note** that a FSS 3–5-year finance plan, aligned to delivery of the 5-year strategy is very much work in progress and will be presented to board members in the Autumn of 2026
- **Discuss** the financial information reported as of 31 May 2026 (annex A)

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11 June 2026

Annexe – Expenditure up to May 31st and updated Forecast

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 May 2026.
- 1.2 At the end of 31 May 2026, the FSS full year resource forecast of £24.66m continues to show a budget pressure which has now increased by £0.2m to £0.96m against the £23.68m initial budget allocated by SG.
- 1.3 The full year forecast has been updated in May and will continue to be monitored as we continue throughout the year.

2 Background

- 2.1 As part of this year's budget planning exercise, and as noted in the paper presented to the Board in March, FSS had been allocated a budget of £23.68 million. This included a funding pressure of £0.7million which has been acknowledged by the FSS Board.
- 2.2 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.
- 2.3 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 Discussion

Financial Performance Summary

Current budget versus forecast versus expenditure

- 3.1 The following table provides an overview of the financial performance of FSS up to the 31 May 2026. The performance is based on comparing the actual spend with the budget profile during the financial year.

Row Labels	Budget	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27 Total	Variance	
Admin	3,925,672	138,639	422,822	289,468	313,796	266,780	299,873	325,390	277,303	291,992	330,104	345,315	447,837	3,749,320	-176,353
Capital	0	0	0	5,000	0	0	0	50,000	0	50,000	0	0	0	105,000	105,000
Income	-5,568,616	-26,374	-926,814	-448,328	-439,175	-523,930	-444,303	-429,574	-526,645	-409,438	-520,787	-425,697	-427,010	-5,548,076	20,540
Programme	5,106,868	-7,679	847,988	444,327	480,251	486,556	490,052	578,132	373,519	327,844	304,916	316,323	427,232	5,069,461	-37,407
Staff	20,217,076	1,624,818	1,802,737	1,765,709	1,823,646	1,829,419	1,797,929	1,789,325	1,794,959	1,784,226	1,778,000	1,776,477	1,752,298	21,319,543	1,053,532
Grand Total	23,681,000	1,729,403	2,146,733	2,056,175	2,178,517	2,058,825	2,143,551	2,313,273	1,919,136	2,044,624	1,892,234	2,012,419	2,200,357	24,695,247	965,312

Whilst early reporting shows the budget pressure has increased this is not unusual in the early part of any financial year and work is ongoing now with senior staff to reverse this trend in coming months.

It is important to note where the pressures have come from, namely

3.2 Corporate support – additional £47k budget pressure

This was due to an additional resource required to cover for acute resourcing gaps and long-term sickness. Whilst the budget pressure has been forecast for the entire year it is hoped this can be reduced later in the year.

3.3 Ops delivery – additional £225k budget pressure

Primarily additional staff and agency costs required but also lower income due to public holiday plant closures

3.4 Data & Digital – additional £100k capital expenditure

Additional capital expenditure required due to aging hardware and advancements in software and associated hardware capacity not known earlier in the year

4 Identification of risks and issues

4.1 Vacancy rate – although this has been assumed at 5% for the full FY there is still a possibility this will not be achieved due to a subdued job market both within Aberdeen and across Scottish Government. Progress in this area is being closely tracked by finance colleagues.

4.2 Recruitment pause – recruitment is currently paused until October 2026, and this has been included in the FY forecast. Since April 3 posts have been moved from pause to recruit based on a business-critical need. This requires to be the exception not the norm

4.3 SAFER programme – Although good progress has been made via the ‘Invest to save’ initiative for funding for the SAFER programme, if this did not materialise this would add a considerable cost pressure to the FSS budget for FY2026/27

4.4 The very recent FSS portfolio move from DG Health to DG Economies will require a greater investment in time and effort to build relationships and enhance greater understanding between finance colleagues regards FSS work, financial history and challenges. This dialogue will commence in the coming days

5 Forecast Accuracy and Actual expenditure

- 5.1 In FY 2026/27 FSS has moved its forecasting mechanics to EPM (Enterprise performance Management) which is a new tool for FSS to use to collate the budget, forecast and monthly actuals in a single source of data.
- 5.2 As this is a new system which the finance team are settling in and working hard to understand and utilise to its full potential there will be some delays in monthly/quarterly reporting, this is in part due to the published system timetable which we will now be working to and a transition period as we move to utilising EPM
- 5.3 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
- 5.4 The financial performance is based on both the budget figure and the updated forecast.
- 5.5 Work is still ongoing to understand the full reporting benefits of EPM but a reporting dashboard is being pulled together with assistance from SG which will be utilised for higher level reporting throughout the financial year.
- 5.6 This dashboard report will provide a snapshot of the current budget, forecast and related expenditures as well as detailing the pressures within FSS finance. As EPM is widely used in SG, FSS moving to this reporting tool will provide greater visibility of the cost pressures FSS face during the FY.

6 Equality Impact Assessment and Fairer Scotland Duty

- 6.1 The budget is used to deliver on the new strategy and annual delivery plans. An Equality Impact Assessment (EQIA) and the review of the Fairer Scotland Duty was included in the Board paper at the time of presenting the new strategy

7 Conclusion/Recommendations

- 7.1 The Committee is asked to:
 - **Discuss** the financial information and forecasted position reported as of 31 May 2026.

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