

Food Standards Scotland Financial Performance Update

1 Purpose of the paper

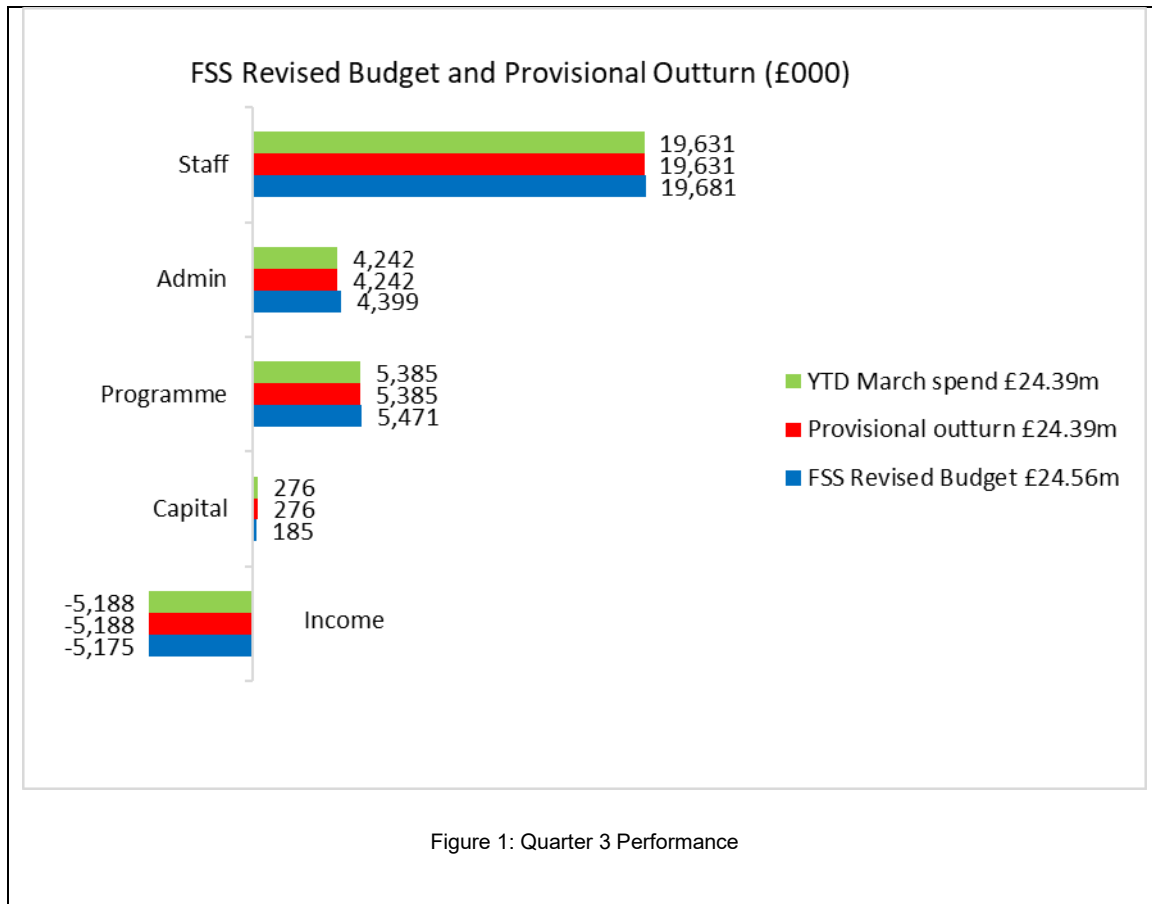
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) including actuals to the end of 31 March 2026.
- 1.2 At the end of Quarter 4 updated FSS full year resource forecast of £24.35m shows an underspend of £270k against £24.61m Spring Budget Review (SBR) allocation.
- 1.3 The full year forecast updated in March has increased by £109k from the previous month mostly due to additional capital expenditure and year-end staff cost rebalancing
- 1.4 An additional £1.16m was 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-March) 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 March 2026.
 - **Note** the FSS budget amounts for Resource and AME for 2026/27.

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 £23.68 million. This includes a current funding pressure of £0.7million which has been acknowledged and accepted by 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 year-end expenditure to 31st March 2026.



- 3.3 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.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 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 4 (Q4) Performance

4.1 The following table provides an overview of the financial performance of FSS up to the 31 March 2026. The performance is based on comparing the actual spend for the quarter with the budget profile during the financial year.

£'000	Budget	Budget Profile 25/26				Actual Spend Q4 25/26				Variance Q4	Q4 Var %
		Jan	Feb	Mar	Q4	Jan	Feb	Mar	Q4		
Staff	19,681	1,700	1,698	1,699	5,097	1,660	1,644	1,704	5,008	(89)	-2%
Administration	4,398	379	393	462	1,234	343	422	689	1,455	220	18%
Programme	5,471	394	373	463	1,230	418	365	574	1,357	127	10%
Capital	185	6	15	3	24	5	25	185	215	192	817%
Income	(5,175)	(392)	(398)	(489)	(1,280)	(373)	(398)	(477)	(1,249)	32	-2%
Total	24,559	2,087	2,081	2,137	6,305	2,054	2,058	2,676	6,787	482	-10%

Figure 2: Quarter 4 Performance

The actual spend in the fourth quarter was £482k higher (10%) when compared to the budget profile. Some of the spend which had been moved to later in the financial year was realised and therefore the overall budget underspend is currently 270k against SG Budget allocation with a further £172k of final year-end adjustments awaiting to be reported.

4.2 Detail of the quarter variances are as follows:

Staff £89k (2%) under budget

The decrease is driven by the year-end cost re-balancing to SAFER as well as recruitment delays and posts not backfilled after promotions

Admin £220k (18%) over budget

The overspend was due to increased procurement shared services costs, legal costs, compliance costs and other admin pressures, partly offset by savings in software, training, equipment, travel and general admin.

Programme £127k (10%) over budget

The overspend in quarter mainly from higher than anticipated web continuous improvement costs, primary production and year-end activity which was offset by

deferred projects and incident management activity, lower testing and development spend and savings from reduced sanitary survey and Shetland proof-of-concept work.

Capital £192k (817%) over budget

There was no Capital budget in place at the start of the Financial year but by year-end the SFCIU had used unallocated underspend to purchase 2 new vehicles (1 hybrid and 1 fossil-fuel) to assist with investigation work.

Income £32k (2%) under budget

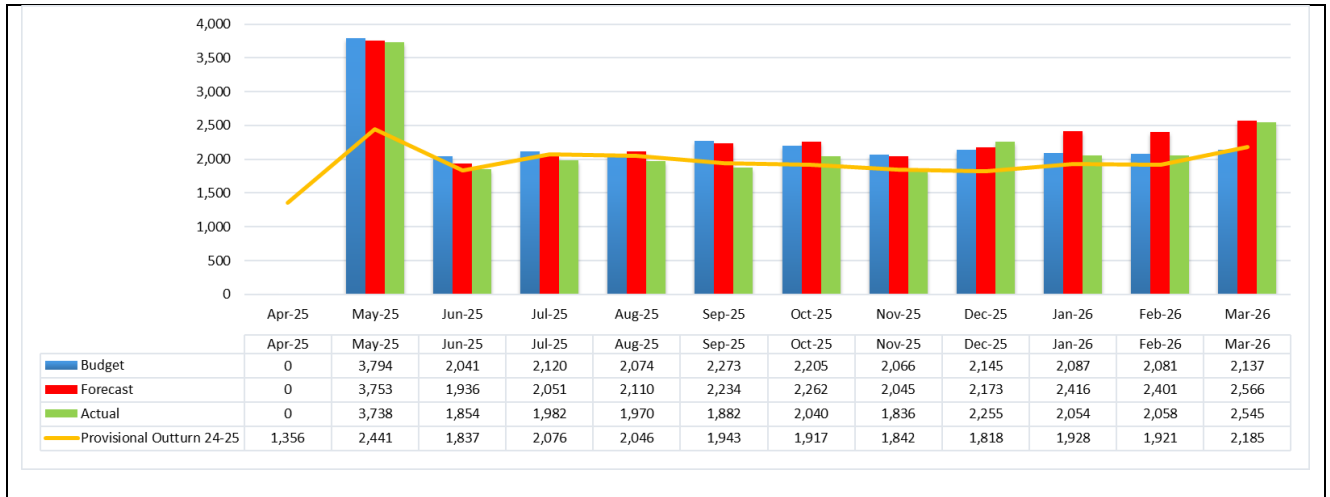
The decreases are mainly driven by plant closures in Q4.

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 March Year-end figures include the actual spend from April to March 2026 but not the final year-end adjustments which are still to be accounted for. This is compared to the budget to show the full year spend amount this financial year. The table also provides details behind the five budget categories in “Quarter 4 Performance” with summary details of the overall budget and forecasted spend in the 2025-26 financial year.

Division and Budget Category	FSS Revised Budget (£000)	March Forecast (£000)	Provisional outturn (£000)	Provisional outturn vs FSS Budget (£000)	Provisional outturn vs March Forecast (£000)
Corporate Services	6,031	5,908	5,862	-169	-46
Policy	2,126	2,092	2,094	-32	2
Operational Delivery	7,697	7,666	7,645	-53	-21
Nutrition	1,056	1,002	1,076	20	75
Local Authority Delivery	1,426	1,417	1,406	-20	-11
Scottish Food Crime & Incidents	1,901	1,882	1,939	38	57
Audit Assurance	599	591	589	-9	-1
Communications	1,162	1,151	1,211	49	60
Science	2,561	2,527	2,522	-39	-5
Total	24,559	24,236	24,345	-214	109
Staff	19,681	19,608	19,631	-50	23
Programme	5,471	5,365	5,385	-87	19
Admin	4,398	4,248	4,242	-156	-7
Capital	185	204	276	92	72
Income	-5,175	-5,190	-5,188	-13	2
Total	24,559	24,236	24,345	-214	109
SBR Allocation	24,615	24,385	24,236	-270	

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

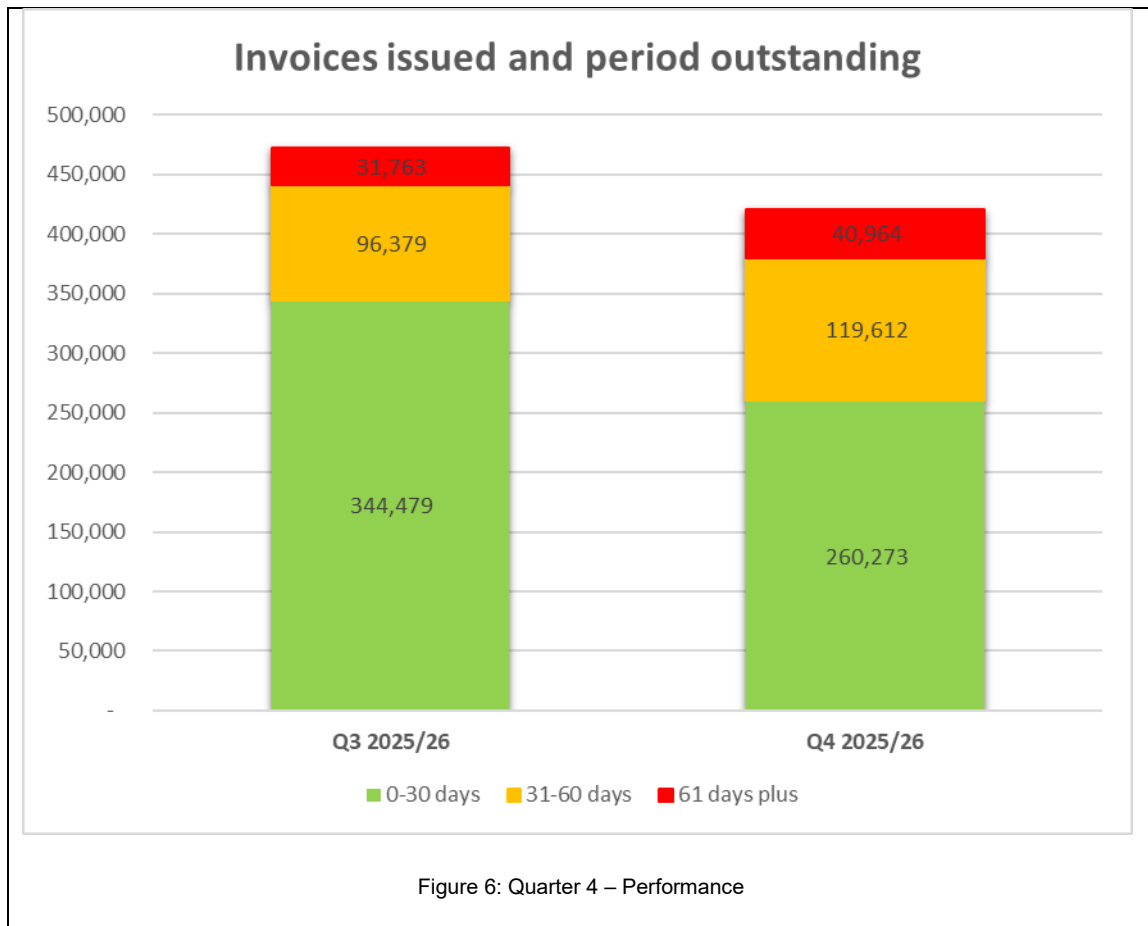
- 5.1 The Staff Complement table as at the end of March 2026 shows there were 298 FTE staff in post. This is an increase of 8 FTE from the end of December 2025.

Quarter 4				
Year	Q3 25/26		Q4 25/26	
Type of post	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	262	-1	267	5
FTA - not permanent	7	2	7	0
Agency Staff	7	1	9	2
Maternity Leave	9	0	8	-1
Seconded Staff	5	1	7	1
Total FTE	290	-3	298	7

Figure 5 – Staff Complement and Leavers

At the end of March, the cash drawn down from the Scottish Government relating to the 2025/26 budget was £27.0m for the year, of which £4.0m was for this for March 26. The bank balance as of 31st March was £2.54m

5.2 At the end of the quarter, the outstanding debt was £421k. £161k of the outstanding debt was over the accepted 31-day payment term, of which £41k was over 61 days from date of invoice.



5.3 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, was then settled in early April

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 March 2026.
- **Note** the FSS budget amounts for Resource AME and SBR for 2025/26.

Please direct queries to:

Author: Iain Blackmore

Contact details: iain.blackmore@fss.scot

Date: 21/05/2026

SAFER PROGRAMME

8 Purpose of the paper

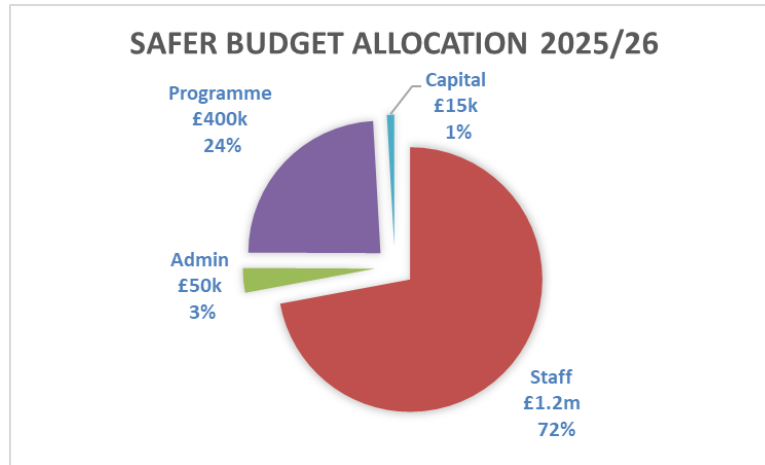
- 8.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) including actuals to the end of 31 March.
- 8.2 **£3.25m** has been offered the funding from the SG Invest to Save Fund for the SAFER project at the end of May 2025 for this financial year. This budget will be transferred to FSS at the Spring Budget Review (SBR) and is reported separately from the FSS core budget allocation.
- 8.3 £1.16m was 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-March) agreed with FSS budget holders have been reallocated from the FSS core budget.

9 Background

The budget planning and spend profiling exercise was conducted at the end of August, following the successful appointment of the Head of Safer Programme in July. An internal budget allocation of £1.66 million indicates an underspend of £1.59 million against the total allocated funding of £3.25 million. This reduced allocation reflects the delayed receipt of funding, which resulted in project activities being scheduled over just eight months of the financial year.

10 Budget Allocation

10.1 The budget of £1.66m was allocated against four spend categories to deliver the SAFER objectives as listed in the Business Case.



	Budget 2025/26	Full Year Forecast	Variance
Staff	1,200,000	932,876	-267,124
Programme	400,000	174,337	-225,663
Admin	50,000	37,787	-12,213
Capital	15,000	15,000	0
Totals	1,665,000	1,160,000	-505,000
Allocated Funds	3,247,110		
Variance to Allocated Funds	-1,582,110	-2,087,110	

Staff cost variance £267k (-22%) under budget

This decrease is mainly due to delays in recruitment on onboarding staff and also minimal spend for the first 4 months (April – July) of this financial year.

Programme cost variance £226k (-56%) under budget

This underspend is solely due to delays in funding and activity, which have resulted in spend being profiled into the second half of the year. Additionally, the work to explore potential cost recovery models for food law delivery in Scotland is not included in the forecast, as it remains under discussion.

Admin cost variance £12k (24%) under budget

The underspend has resulted from delays in onboarding staff.

11 Full Year Forecast reviewed at the time of the revised budget

11.1 The SAFER Budget and Forecast summary table below shows this budget allocation for each spend category and compares this with the forecast outturn to show the variances against the budget. The March forecast spend includes the total spend from April to March 2026 and a forecasted spend from April 2025 till March 2026.

	Revised Budget	Full Year Forecast	Variance	Variance as % of Revised Budget
Staff	932,876	625,862	-307,014	-33%
Admin	37,787	146,422	108,635	287%
Programme	174,337	113,455	-60,882	-35%
Capital	15,000	0	-15,000	-100%
Totals	1,160,000	885,739	-274,261	-24%

Staff cost variance £307k (-33%) under budget

This decrease is mainly due to delays in recruitment on onboarding staff and not had ability for these staff to undertake programme projects as initially planned. Minimal spend for the first 4 months (April – July) of this financial year.

Programme cost variance £60k (-35%) under budget

This underspend is solely due to delays in funding and activity, which have resulted in spend being profiled into the second half of the year. The total costs of this programme £113k than forecasted.

Admin cost variance £108k (287%) over budget

The overspend has resulted from delays in onboarding staff and SG legal (staff) costs £109k have not been accounted under admin costs and were instead forecast in staff costs.

Please direct queries to:
 Author: Swapna Yama
 Contact details: swapna.yama@fss.scot
 Date: 22/05/2026