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 discussion and reports on the financial performance of Food Standards Scotland (FSS) including actuals to the end of 30 June 2026.

1.2 As per the SG budget allocation, FSS received a total budget allocation of 24.8m, which equates to a total Resource budget of £23.7m for FY2026/27. The remainder being £1.1m is non-cash and relates specifically to pension and depreciation costs in the year.

1.3 At the end of Quarter 1 updated FSS full year resource forecasted budget of £24.4m shows an overspend of £0.7m against the £23.7m initial SG resource allocation.

1.4 DG Health has agreed to transfer an additional £0.5m of funding at autumn budget review this is to account for previously unallocated Capital expenditure (£0.2m) and additional funds for 5 SPS positions (£0.3m). These funds have now been transferred as part of the ABR (Autumn Budget review) in the month of August. This transfer will be shown in the Quarter 2 FBC paper.

1.5 An additional £1m contribution has been secured and transferred in the EPM system to the SAFER programme from DG Communities with a decision now having been made by the Invest to Save fund awarding the SAFER programme the remaining budget (£1.945m) to carry out their programme of work this year. This budget monitoring is reported separately below (Annex A)

1.6 The Committee is asked to:

- **Note and discuss** the financial information reported as of 30 June 2026.

2 Strategic aims

2.1 This work supports delivery of the 2026-31 FSS Strategy

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 been allocated funding of £23.7 million. This didn't include the funding pressure of £0.7million which was previously discussed and noted by the FSS Board.

3.2 This budget is allocated to deliver the FSS strategic priorities as detailed in the 5-year Strategy, and the following chart provides the top-level budget categories with the updated year-end expenditure to 30th June 2026.

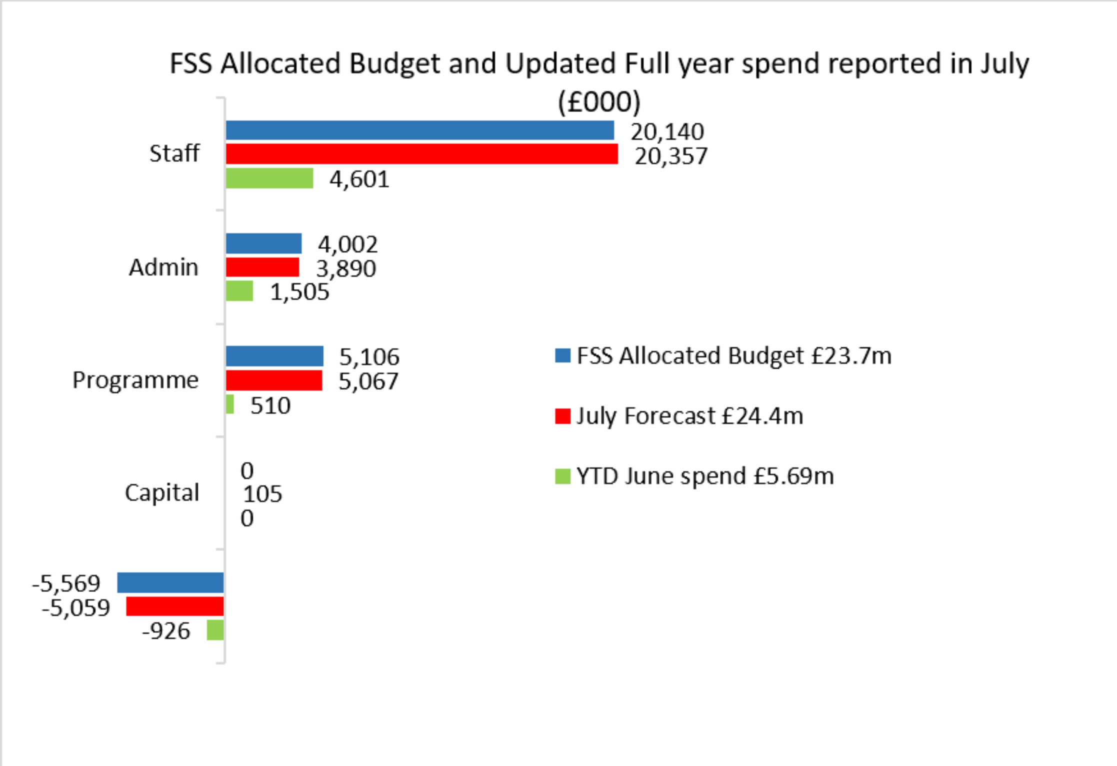


Figure 1: Quarter 1 Performance

It should be noted the Income Actuals to date and associated forecast is incorrect as June income was coded to a Staff programme code in error so the actuals are lower than expected on income and staff actuals are decreased also . The staff forecast is driven by the Payroll report received from SG so this has not been affected.

3.3 Planned ABR revisions will increase the resource budget to £24.4m included therein capital of £0.2m.

3.4 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. It is worth noting that the Data and Digital Division is yet to be fully established therefore cost centres in the main remains within Corporate Services. This is likely to change in Quarter 2.

4 Discussion

Financial Performance Summary

Quarterly Budget Profile v Actual expenditure: Quarter 1 (Q1) Performance

4.1 The following table provides an overview of the financial performance of FSS up to the 30 June 2026. The performance is based on the actual spend for the quarter with the budget profile built for the remainder of the financial year.

£'000		Budget Profile 26/27				Actual Spend Q1 26/27			
	Budget	Apr	May	Jun	Q1	April	May	June	Q1
Staff	**20,139**	1,621	1,772	1,208	4,601	1,621	1,772	1,208	4,601
Administration	**3,991**	146	822	537	1,505	146	822	537	1,505
Programme	**5,120**		477	32	510		477	32	510
Capital									
Income	**(5,569)**		(975)	49	(926)		(975)	49	(926)
Total	**23,681**	**1,768**	**2,097**	**1,825**	**5,690**	**1,768**	**2,097**	**1,825**	**5,690**

Figure 2: Quarter 1 Performance

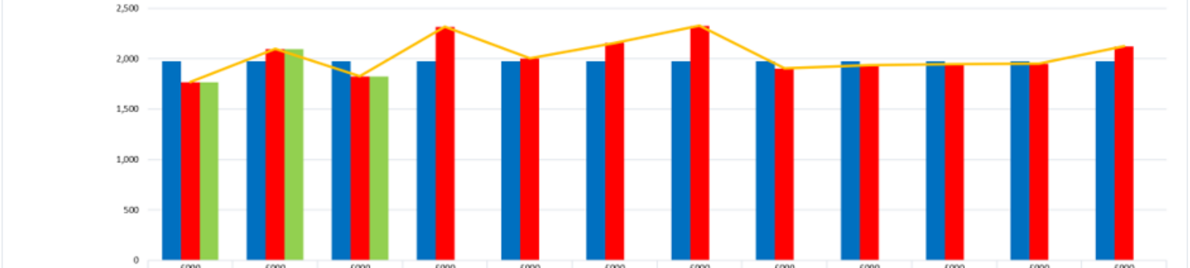
The actual spend in the first quarter mirrors the budget profile due to the move to EPM reporting and the delay in formal reporting for the first quarter of 2026.

It should also be noted the Staff expenditure for June is significantly lower than prior months due to income for the period being incorrectly coded to Staff rather than Income. This has now been corrected in the July period.

It is worth highlighting that the very recent move to EPM on SG Oracle platform will see a planned move to Power BI driven reporting as we progress through this year. Members will likely see a change to the presentation style of this report, including analysis, moving forward.

4.2 Through the monthly monitoring work, a revised forecast is discussed and agreed with each Branch for all months for the remainder of the year.

Full Year Forecast



	£000 Apr-26	£000 May-26	£000 Jun-26	£000 Jul-26	£000 Aug-26	£000 Sep-26	£000 Oct-26	£000 Nov-26	£000 Dec-26	£000 Jan-27	£000 Feb-27	£000 Mar-27
Budget	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973
Forecast	1,768	2,097	1,825	2,318	2,003	2,159	2,328	1,905	1,937	1,946	1,951	2,125
Actual	1,768	2,097	1,825	0	0	0	0	0	0	0	0	0
Provisional Outturn 26-27	1,768	2,097	1,825	2,318	2,003	2,159	2,328	1,905	1,937	1,946	1,951	2,125

Forecast Accuracy and Actual expenditure

4.3 The financial performance (table above) 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 Areas of further interest

5.1 The Staff Complement table as at the end of June 2026 shows there were 300 FTE staff in post. This is an increase of 2 FTE from the end of March 2026.

Year	Q4 25/26		Q1 26/27	
Type of post	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	267	5	269	2
FTA - not permanent	7	0	7	0
Agency Staff	9	2	9	0
Maternity Leave	8	-1	8	0
Seconded Staff	7	2	7	0
Total FTE	**298**	**8**	**300**	**2**

At the end of June, the cash drawn down from the Scottish Government relating to the 2026/27 budget was £6.0m for the 1st quarter of the year, of which £1.5m was for June 26.

Risk - Outstanding Operations invoices

5.2 At the end of the quarter, the outstanding debt was £490k. £94k of the outstanding debt was over the accepted 31-day payment term, of which £14k was over 61 days from date of invoice.

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. Four May invoices (A K Stoddart; Kepak; QPP & Wishaw) have not been paid and four other businesses have only partially paid their invoices (ABP Perth; ABP Bridge of Allan; Dunbia & Sandyford).

There are two specific issues:
A £3k debt with Anderson Strathern, where an inhibition has been put in place against the business owners.
A £739 debt from a business in liquidation / administration; the receivers have been notified of the outstanding debt.

The finance team continues to work closely with Operations Managers, businesses, and external debt agents to further reduce outstanding debt and improve payment performance.

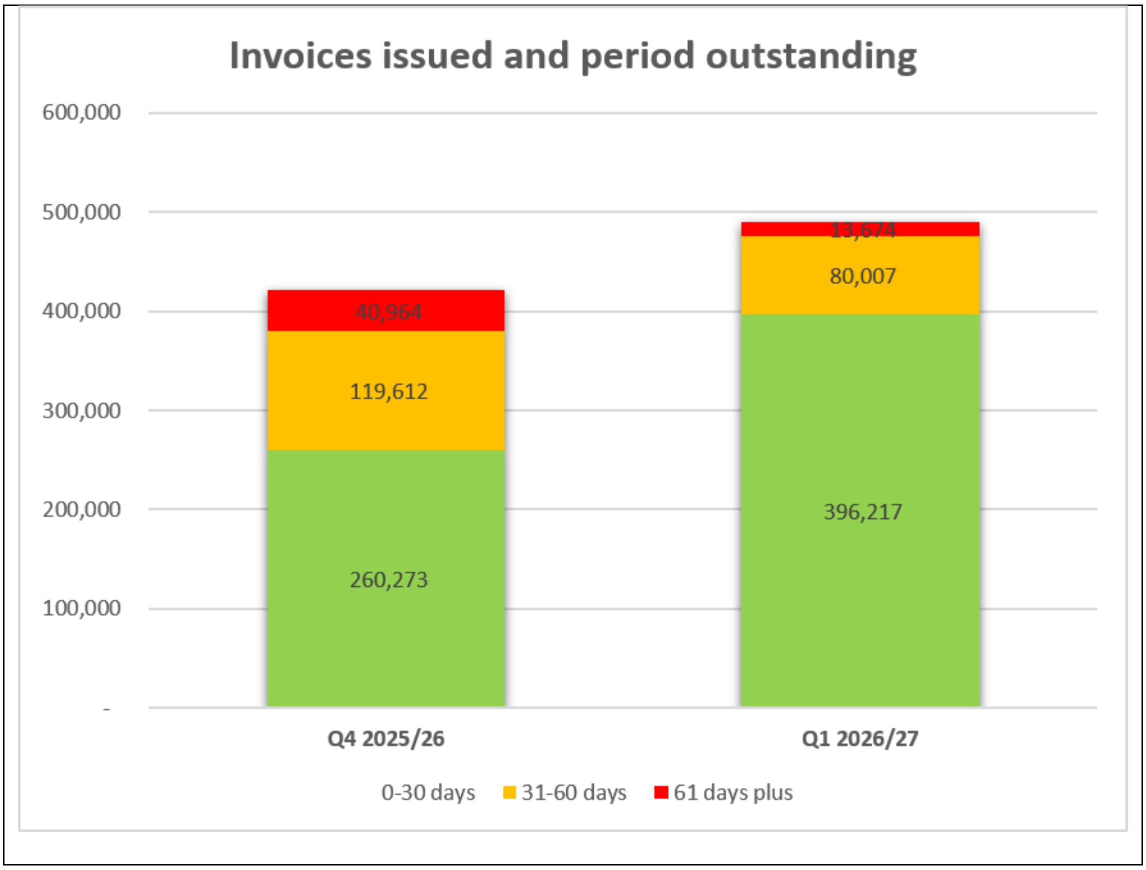


Figure 6: Quarter 1 – Performance

6 Equality Impact Assessment and Fairer Scotland Duty

The budget is used to deliver the FSS strategy. This document was finalised in 2026 and 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

The Committee is asked to:

- **Note and discuss** the financial information reported as of 30 June 2026.

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Date: 17/08/2026

SAFER PROGRAMME

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 30 June 2026.

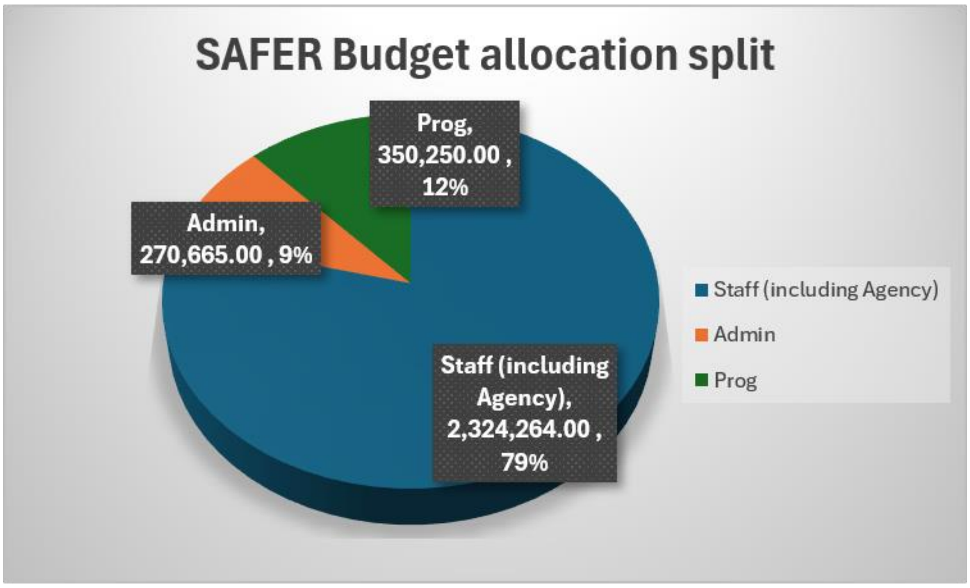
£1 million has been formally allocated at ABR from DG Communities for the SAFER project for this financial year. A decision has now been reached by the Invest to Save fund and the remaining budget (£1.945) has been awarded to the SAFER programme allowing them to carry out their planned work for FY2026/27. 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.

2 Background

The budget planning and spend profiling exercise was conducted at the beginning of this financial year. An internal budget allocation of £2.95m was requested for FY2026/27 this was funded via a contribution from DG Communities of £1m, with the remaining budget being secured through the Invest to Save fund after a decision was reached to fund the SAFER programme for FY2026/27.

3 Budget Allocation

3.1 The budget of £2.95m was allocated against three spend categories to deliver the SAFER objectives as listed in the Business Case.



Since the start of the programme there has been an intensive recruitment campaign to bring specialists on board to the SAFER programme, and these are listed here –

Position	Grade
V: Senior Assurance Auditor (SAFER) - EOI	B3 Max
V:Delivery Manager Food Law	C1 Max
V:Project Manager	B3 Max-3
V:Senior Finance Business Partner	B2 Max-3

Further posts are being recruited in quarter 2 which are listed below

Position	Grade
B3 Food Law Delivery	B3 Max
B3 Sustainable Funding	B3 Max
B3 Dynamic Regulation & Assurance	B3 Max
Delivery Team - Food Law Delivery	B2 Max
Delivery Team - Sustainable Funding	B2 Max

There are also a number of staff across FSS supporting the SAFER programme and their commitment is also being tracked for financial purposes.

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

4.1 The SAFER Budget and Forecast summary table below shows the budget allocation for each spend category and compares this with the forecast outturn to show the variances against the budget. The June spend includes the total spend from April to June 2026 and a forecasted spend from July 2026 until March 2027.

	EPM Budget - DG Communities	Anticipated Budget	Forecasted expenditure	Difference
Staff (including Agency)	654,335	2,324,264	2,137,127	(187,137)
Income		-	-	-
Capital		-	0	-
Admin	270,665	270,665	261,343	(9,322)
Prog	75,000	350,250	350,866	616
Total FSS Budget	**1,000,000**	**2,945,179**	**2,749,336**	**-195,843**

Staff cost variance £187k (-8%) below funding allocation

Underspend due to time taken in recruiting the Data and Digital post and appointments made at lower-than-budgeted grades/steps.

Admin cost variance £9k (-3%) below funding allocation

Overall underspend in Shared Services outsourcing costs, specifically for ongoing Legal costs.

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