

FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE

1 Purpose of the paper

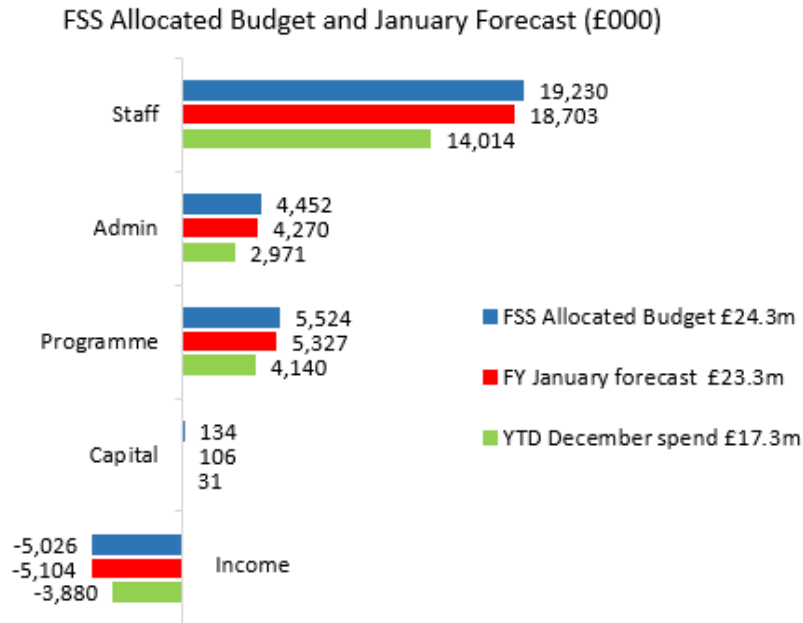
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) up to 31 December 2024.
- 1.2 The budget has been increased by £166k from the last report due to additional funding for SAFER work. The agreed Resource Budget 2024/25 for FSS is now £23.34m
- 1.3 At the end of Quarter 3 FSS is reporting a full year forecast spend of £23.31m. This is an underspend of £34k against the resource budget of £23.34m.
- 1.4 The Committee is asked to:
 - **Discuss** the financial information reported as of 31 December 2024.
 - **Note** the FSS budget amounts for Resource and AME for 2024/25.

2 Strategic aims

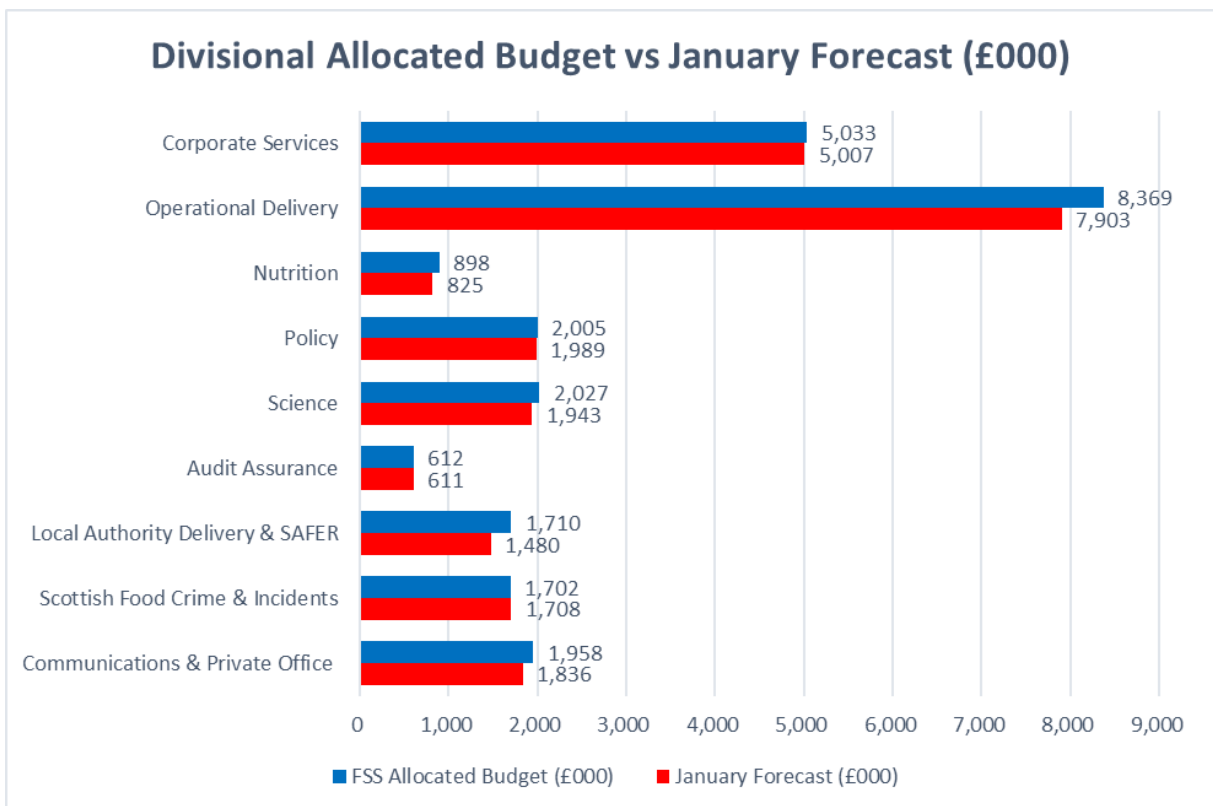
- 2.1 This work supports all the FSS Strategic Outcomes and Roles.

3 Background

- 3.1 The total FSS resource budget for 2024/25 is now £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 £0.47m 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 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 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 Private Office, Scottish Food Crime and Incidents, Local Authority Delivery and SAFER, Audit Assurance, Science, Policy, Nutrition, Operational Delivery and Corporate Services.



3.5 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.

- 3.6 Through monthly reports to the EMT the allocated budget is closely monitored with updates to forecast and expenditure to date.
- 3.7 At the Spring Budget Review (SBR) an additional £166k has been transferred internally from within SG for FSS to support the Scottish Authority Food Enforcement Rebuild (SAFER) work. The update to the budget and forecast is reflected in this paper.

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 2024. 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 Q2 24/25					Q1 Var %	Q2 Var %	Q3 Var %	
	Budget	Oct	Nov	Dec	Q3	Oct	Nov	Dec	Q3				V Q3
Staff	19,230	1,608	1,633	1,647	4,887	1,564	1,522	1,552	4,638	(250)	-1%	-2%	-5%
Administration	4,452	339	348	398	1,085	334	318	317	970	(115)	-8%	-5%	-11%
Programme	5,524	488	427	388	1,303	437	416	404	1,256	(47)	-5%	-8%	-4%
Capital	134	11	11	17	40		10		10	(31)	-100%	-45%	-76%
Income	(5,026)	(390)	(391)	(456)	(1,237)	(418)	(425)	(455)	(1,297)	(60)	2%	2%	5%
Total	24,314	2,056	2,027	1,995	6,079	1,917	1,842	1,818	5,577	(502)	-4%	-5%	-8%

Figure 1: Quarter 3 Performance

The actual spend in the second quarter was £502k lower (-8%) when compared to the budget profile.

- 4.2 Detail of the quarter variances are as follows:

Staff £250k (-5%) under budget

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

Admin £115k (-11%) under budget

The decrease in spend caused by numerous factors including reductions in accommodation charges, travel and subscription costs across the organisation. Also, staff training postponed to later in the year.

Programme £47k (-4%) under budget

This decrease was driven by reduced shellfish sampling and the FSS' New Website costs.

Capital £31k (-76%) under budget

This underspend was mostly due delays in activity resulting funds being reprofiled further in the year.

Income £60k (-5%) over budget

The increase in the quarter was due to additional hours worked across several sites, increased business agreement requirement.

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 spend includes the total actual spend from April to December 2024 and a forecasted spend from January to March 2025. This is compared to the budget to show the projected spend amount this financial year. The table also provides detail behind the five budget categories in "Quarter 3 Performance" with summary details of the overall budget and forecasted spend in 2024-25 financial year.

Division and Budget Category	FSS Allocated Budget (£000)	January Forecast (£000)	January Forecast vs FSS Budget (£000)
Communications & Private Office	1,958	1,836	-122
Scottish Food Crime & Incidents	1,702	1,708	6
Local Authority Delivery & SAFER	1,710	1,480	-230
Audit Assurance	612	611	-1
Science	2,027	1,943	-84
Policy	2,005	1,989	-16
Nutrition	898	825	-73
Operational Delivery	8,369	7,903	-466
Corporate Services	5,033	5,007	-26
Total	24,314	23,302	-1,011
Staff	19,230	18,703	-527
Admin	4,452	4,270	-183
Programme	5,524	5,327	-197
Capital	134	106	-27
Income	-5,026	-5,104	-78
Total	24,314	23,302	-1,011

Figure 2 – FSS Budget and Forecast

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.

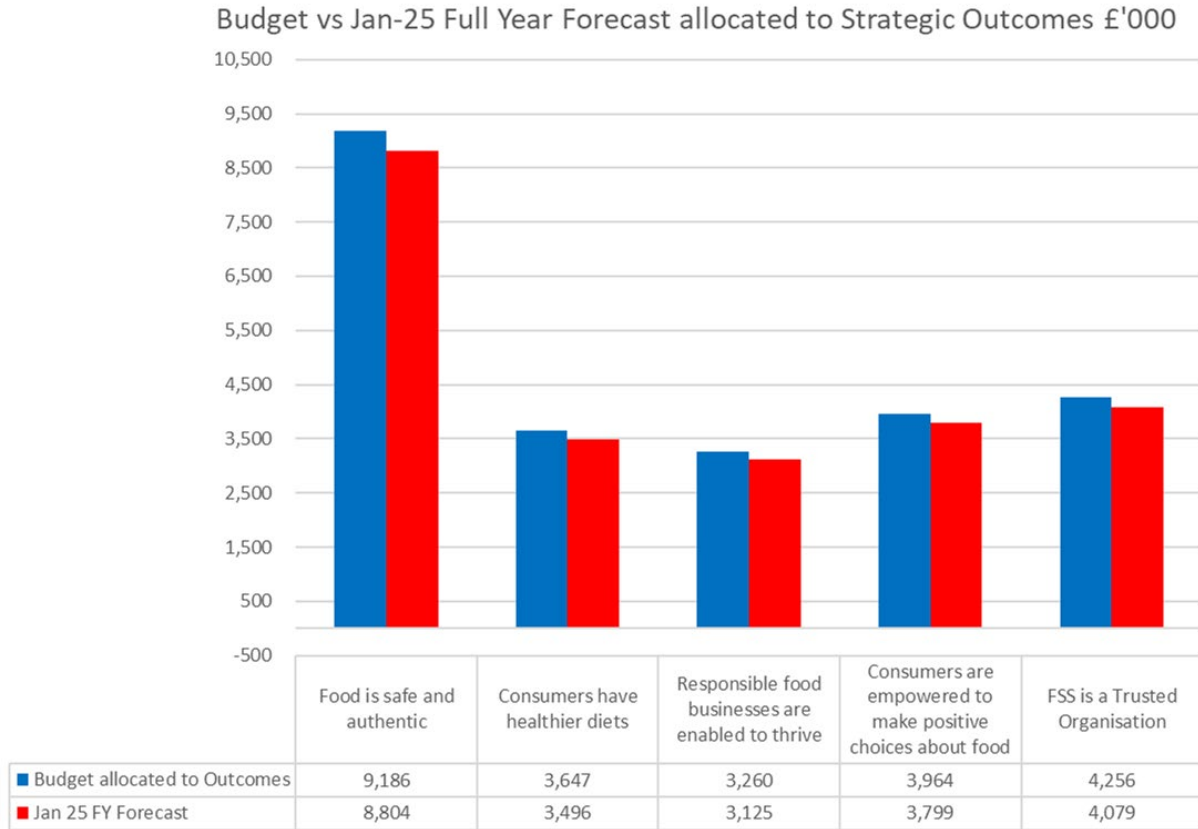


Figure 3a – Allocation of resource expenditure to Strategic Outcomes

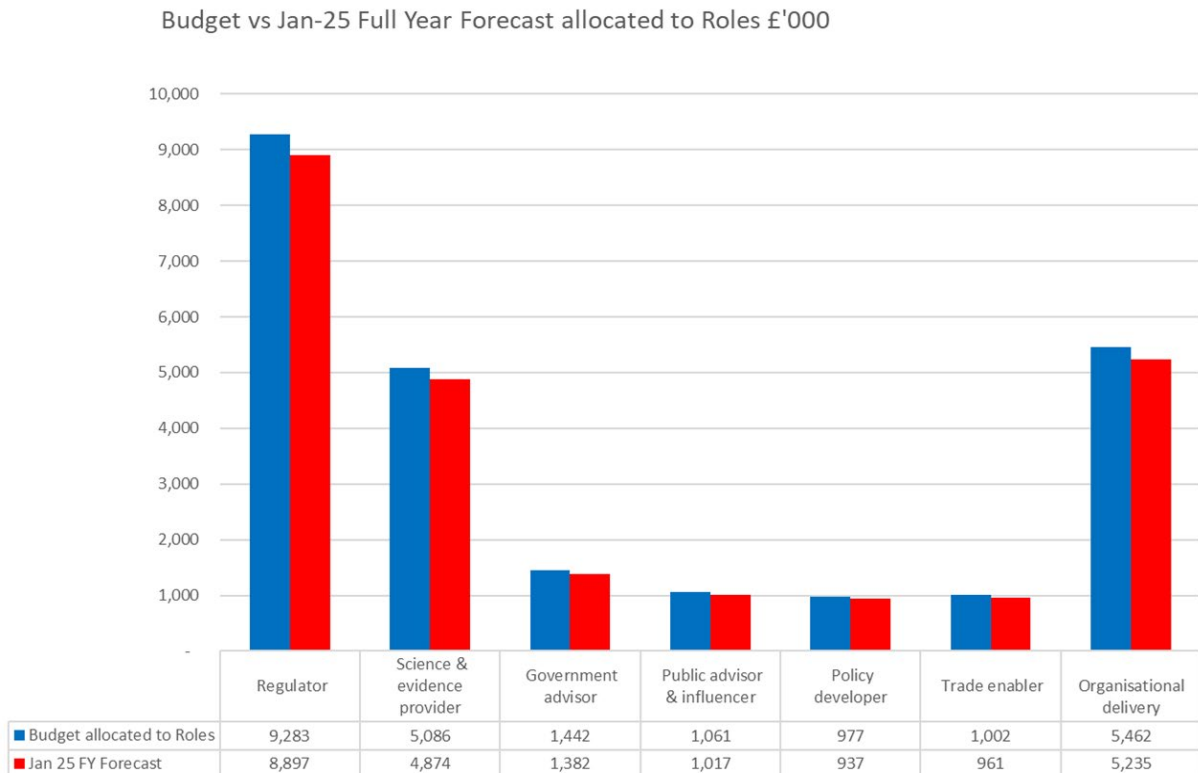


Figure 3b – Allocation of resource expenditure to Strategic Roles

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.

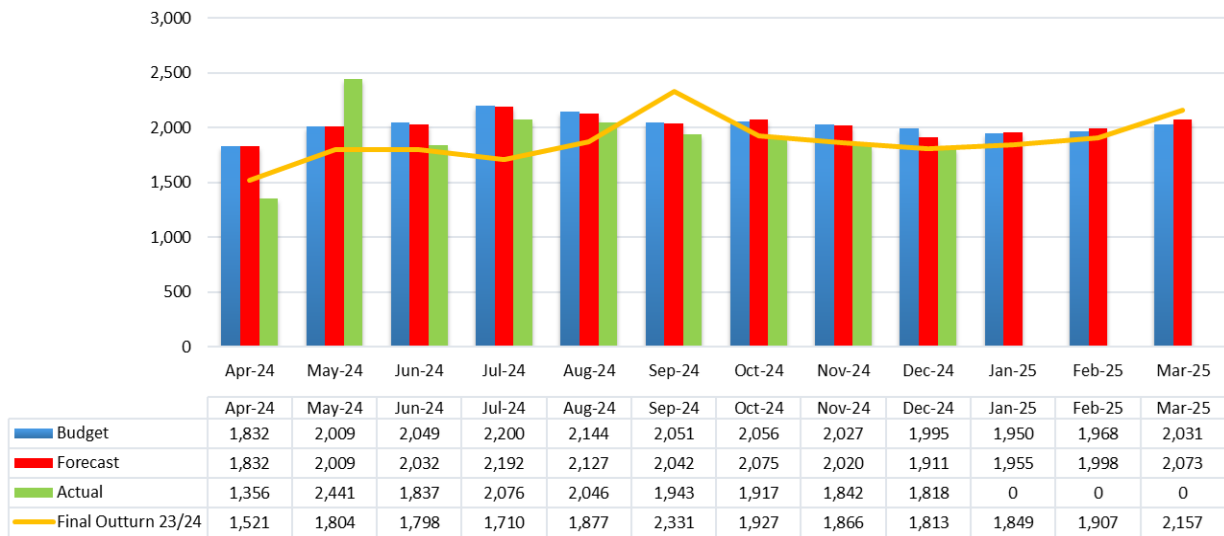


Figure 4 – Full Year Forecast vs Budget

- 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 **£429k**, for each of the months.

October 24: The actual spend in the month was £158k (-8%) lower than forecast. It was driven by lower Programme costs (£87k) due to reduced shellfish sampling and the FSS New Website project costs; and reduced Admin expenditure (£38k), mainly due to spend reprofiled further in the year with small reductions across the organisation.

November 24: The actual expenditure in November was £178k (-10%) lower than the monthly forecast with reductions in all budget categories and greater income generated (£21k), with the most significant underspend in Admin (£74k) mainly due to training and travel costs postponed further in the year and no Employee Experience events in November. There was an underspend in Programme (£31k) and Capital (£26k) due to delayed activities resulting funds being reprofiled further in the year; and in Staff (£26k) mainly due to temporary agency staff costs less than anticipated.

December 24: The actual spend in the month was £92k (-5%) lower than forecast with reductions in Admin (£37k) due to reduced travel costs and some training postponed to later in the year; Capital (£23k) – SND expenditure deferred to quarter four; Programme (£20k) due to reduced shellfish sampling during that month and delays in project work.

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 December 262 posts (FTE) were filled permanently (including six currently on maternity leave). During the third quarter three staff left including one temporary agency staff, and one returned from maternity leave. Some permanent posts were filled on temporary promotion basis (14). Sixteen temporary staff covered several vacancies either on fixed term appointment (FTA) (13) or on interim/agency basis (3).

Year	Q2 24/25		Q3 24/25	
	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	257	-8	256	-1
FTA - not permanent	12	6	13	1
Agency Staff	4	-2	3	-1
Maternity Leave	7	1	6	-1
Seconded Staff	0	-1	0	0
Total FTE	280	-4	278	-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. Due to ongoing issues with Oracle FSS is unable to provide a report on invoices paid within the ten-day payment target in quarter three. All invoices have been paid within the standard 30-day contract terms.
- 5.3 At the end of December, the cash drawn down from the Scottish Government relating to the 2024/25 budget was £17.5m for the year, of which £1m was for December. The bank balance as of 31 December was £5m. The balance was high as invoices were not paid due to ongoing difficulties with issuing purchase orders in the new financial system. Also pension, HRMC and third party payments were not processed as planned due to delays in finalising the figures by Scottish Government.
- 5.4 At the end of quarter three, the total of outstanding invoices was £447k which was a decrease of £135k (23%) from the previous quarter. £385k of the outstanding debt was over the accepted 31-day payment term, of which £62k was over 61 days from date of invoice.

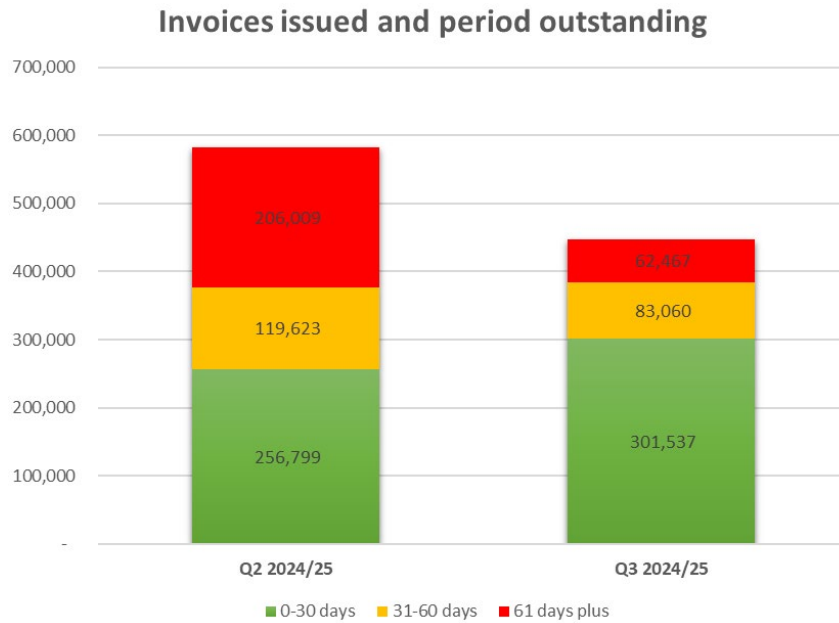


Figure 6 – Invoices issued and period outstanding

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). There is one business in liquidation, and we have notified the receivers of our outstanding invoices (totalling £243).

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 31st of December 2024.
- **Note** the FSS budget amounts for Resource and AME for 2024/25.

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 Date: 28 February 2025