

FOOD STANDARDS SCOTLAND FINANCIAL PERFORMANCE UPDATE

1 Purpose of the paper

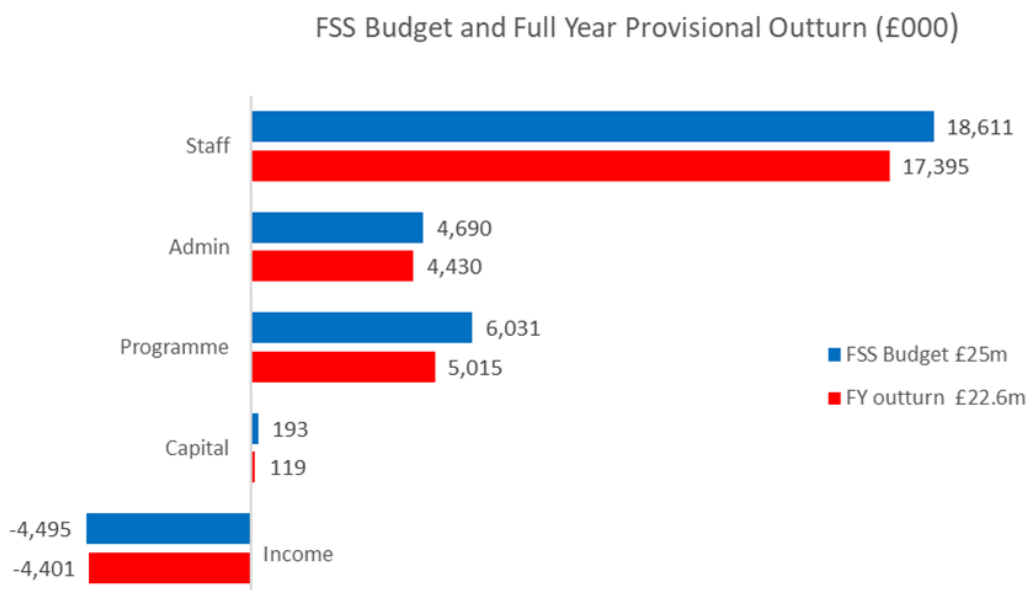
- 1.1 This paper is presented to the Finance and Business Committee for information and reports on the financial performance of Food Standards Scotland (FSS) up to 31 March 2024.
- 1.2 At the end of Quarter 4 FSS reported a full year provisional outturn of £22.6m. This is an underspend of £241k (1%) against the resource budget of £22.8m.
- 1.3 The Committee is asked to:
 - **Discuss** the financial information reported as of 31 March 2024.
 - **Note** the FSS budget amounts for Resource and AME for 2023/24.

2 Strategic aims

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

3 Background

- 3.1 The total FSS resource budget for 2023/24 was £22.8m and included £0.2m for the UK Pathsafe research programme. The Annually Managed Expenditure (AME) budget of £0.4m provided for the FSS pension liability provision.
- 3.2 In the budget planning exercise for this year and as notified in the paper to the Board in April, FSS internally allocated budget of £25m. This budget was allocated to deliver the FSS strategic objectives, and the following chart provides the top-level budget categories with the full year provisional outturn.



- 3.3 This paper provides details of FSS resource budget allocation between each of the temporary directorates, within the new FSS structure applied in February 2023: Chief Executive (CEO: Board, CEO & PO), Deputy Chief Executive Officer 1 (DCEO1), Director of Policy and Science (DPS), Deputy Chief Executive Officer 2 (DCEO2) and Director of Corporate Services (DCS).
- 3.4 The Senior Leadership Team (SLT) reports its financial performance for the activities against the five strategic objectives and six strategic goals to provide an indication on the effective use of resources to deliver against the Strategy and the Corporate Plan.
- 3.5 Through monthly reports to the Executive Management Board (EMB) the allocated budget was closely monitored with updates to forecast and expenditure to date. SLT conducted a review of the budgetary position during the third quarter following the implementation of the new pay awards for staff and the updated forecast overspend, with action taken to assess all expenditure to the end of the year. Decisions were made to stop or scale back on some project activity, capital and admin spend with the aim to reduce spend and bring within budget.

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 2024. The performance is based on comparing the actual spend for the quarter with the budget profile during the financial year.

£'000	Budget Profile 23/24					Actual Spend Q4 23/24					FY Prov Outturn	FY Var %	
	Budget	Jan	Feb	Mar	Q4	Jan	Feb	Mar	Q4	V Q4			Q4 Var %
Staff	18,611	1,572	1,571	1,571	4,714	1,486	1,472	1,503	4,462	(253)	-5%	17,395	-7%
Administration	4,690	372	471	549	1,392	335	398	632	1,365	(27)	-2%	4,430	-6%
Programme	6,031	593	459	767	1,819	381	344	446	1,171	(648)	-36%	5,015	-17%
Capital	193	16	8	11	34	5	5	14	24	(10)	-29%	119	-38%
Income	(4,495)	(350)	(340)	(413)	(1,103)	(358)	(313)	(438)	(1,109)	(6)	1%	(4,401)	-2%
Total	25,030	2,203	2,168	2,485	6,857	1,849	1,907	2,157	5,913	(944)	-14%	22,559	-10%

Figure 1: Quarter 4 Performance

The actual spend in the fourth quarter was £944k lower (-14%) when compared to the budget profile, mainly as a result of the decisions to stop and/or scale back on expenditure for the remainder of the year.

- 4.2 Detail of the quarter variances are as follows:

Programme £648k (-36%) under budget

The underspend was mainly due to scaling back or stopping project activities in quarter 3 as well as some projects costs being less than budgeted and analysis work reduced.

Staff £253k (-5%) under budget

The decrease was mostly driven by a decision to postpone or to not backfill some vacant posts in previous quarter, reduced agency staff costs due to lack of available candidates.

Admin £27k (-2%) under budget

Decrease driven by reduced training and travel expenditure as well as some reduction in legal costs, membership fees and advertising in the quarter.

Capital £10k (-29%) under budget

The reduction was due to decision to reduce various capital expenditure for example purchase of laptops and tablets and some system development postponed to the next financial year.

Full Year Forecast

- 4.3 The FSS Budget and Forecast summary table (Figure 2) shows the budget allocation for each Directorate and compares this with the provisional outturn to show the variances against the budget. The full year provisional spend includes the total spend from April 2023 to March 2024. This is compared to the budget to show the outturn spend amount for the financial year. The table also provides detail behind the five budget categories in “Quarter 4 Performance” with summary details of the budget allocation and provisional spend in 2023-24.

£'000	FSS Budget	Full Year Provisional Outturn	FY Prov Outturn vs FSS Budget
CEO	648	675	27
DCEO 1	4,863	4,040	-823
DPS	3,985	3,525	-460
DCEO 2	8,847	8,469	-378
DCS	6,687	5,849	-838
Total	25,030	22,559	-2,471
Staff	18,611	17,395	-1,216
Admin	4,690	4,430	-259
Programme	6,031	5,015	-1,016
Capital	193	119	-74
Income	-4,495	-4,401	94
Total	25,030	22,559	-2,471

Figure 2 – FSS Budget and Forecast

4.4 The full year forecast spend against the budget allocation against each of the Strategic Outcomes and Goals are detailed in the charts below. There is a visible decrease in spend against all outcomes and goals due to lower programme and staff costs.

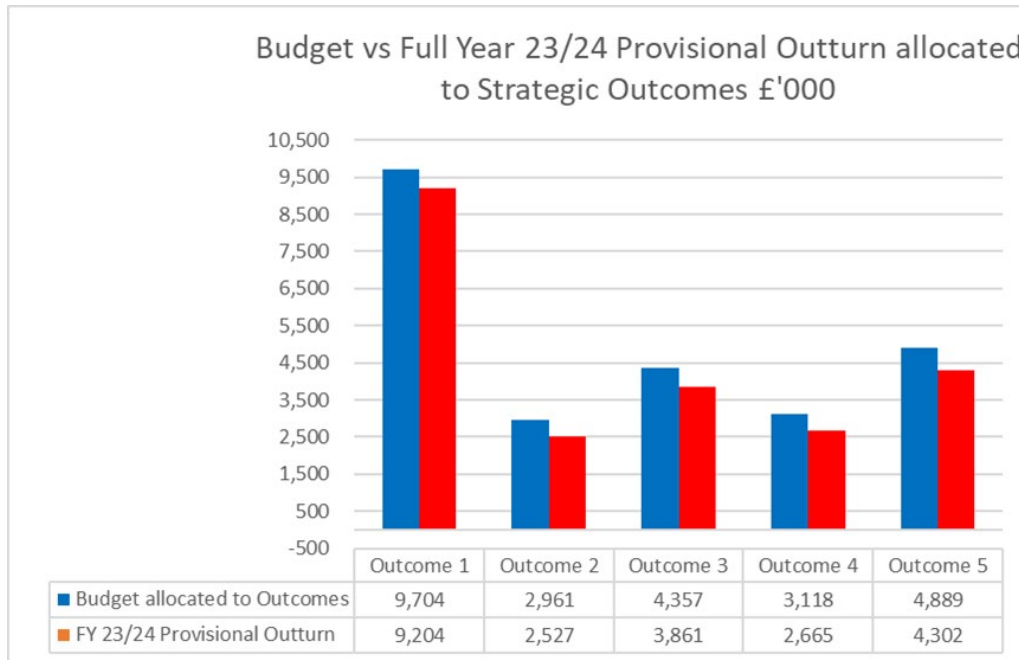


Figure 3a – Allocation of resource expenditure to Strategic Outcomes

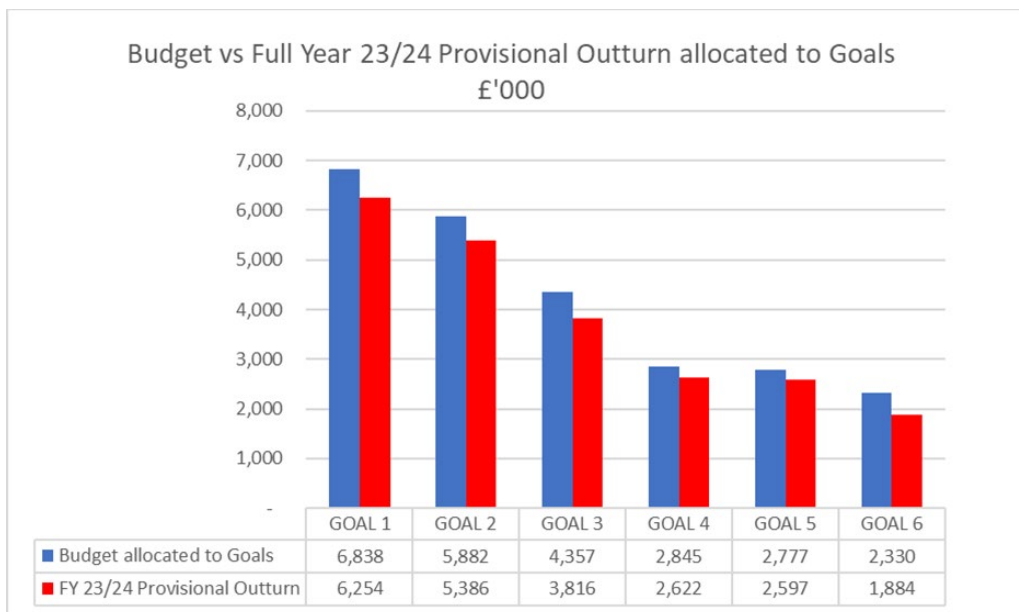


Figure 3b – Allocation of resource expenditure to Strategic Goals

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 on a monthly basis 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.

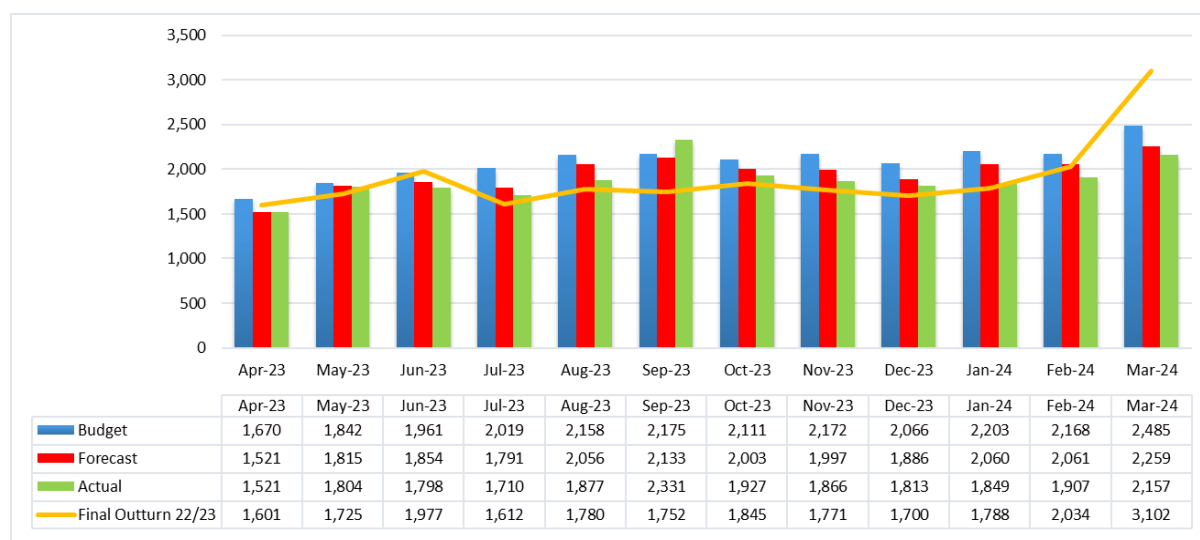


Figure 4 – FY Provisional Outturn vs Budget

4.7 Below is a high-level overview which seeks to provide context and explain the drivers behind the total quarterly adverse variance of **£468k** and compares the actual expenditure against forecast for each of the months.

January 24: The actual spend in the month was £211k (-10%) lower than forecast. There was underspend across all budget categories with Admin and Programme making up majority of this. Admin costs (-£67k) due to reduced advertising, storage and system support costs as well as scale back on training. In Programme (-£70k) as a result of delays in project work and also less project costs than budgeted.

February 24: The actual spend in the month was £154k (-7%) lower than forecast with reductions mainly in Admin and Programme spend. The underspend in Admin was mainly due to reduced advertising and corporate training fees with delays in other admin expenditure into the following month. There were deferrals to project activity in Programme as well as some estimated costs less than forecast.

March 24: The actual spend in the month was £102k (5%) lower than forecast. The underspend was located mainly in Programme as contingencies not used and expected analysis costs much less than forecast.

5 Identification of risks, issues and highlights

5.1 The Staff Complement table below provides a breakdown of the posts that were filled at the end of March. At the end of the quarter 281 posts (FTE) were filled with a number of permanent posts covered by staff on temporary promotion (18). In addition, a number of vacancies were backfilled on a temporary basis either on a fixed term appointment (FTA) (5) or on an interim/agency basis (10).

There were 2 staff on maternity leave at the end of March and 10 staff left the organisation or changed contract terms during the fourth quarter.

Year	Q3 23/24		Q4 23/24	
Type of post	Staff in Post	Leavers/Change	Staff in Post	Leavers/Change
Permanent Staff	262	2	261	-1
FTA - not permanent	10	2	5	-5
Agency Staff	9	8	10	1
Maternity Leave	7	0	2	-5
Seconded Staff (reinstated)	3	0	3	0
Total FTE	291	12	281	-10

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. The Supplier Payments table below gives details of the performance in this area over the quarter. An average of 91% of the invoices have been paid within the ten-day payment target in the year. All invoices have been paid within the standard 30-day contract terms.

Month	Number of Invoices	% invoices paid in 10 days
Jan-24	219	88%
Feb-24	215	94%
Mar-24	304	95%

Figures 6 – Supplier Payments

5.3 At the end of March, the cash drawn down from the Scottish Government relating to the 2023/24 budget was £24.2m for the year, of which £1.5m was for March. The bank balance as of 31 March was £2.8m.

5.4 At the end of the quarter, the outstanding debt was £386k which was a decrease of £76k (20%) from the previous quarter. £165k of this amount was over the accepted 31-day payment term, with £34k (23%) of the overall total being over 61 days.

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. There are a number of invoices with Anderson Strathern at various stages of recovery (£7k).

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 provisional outturn reported as of 31 March 2024.
- **Note** the FSS budget amounts for Resource and AME for 2023/24.

Please direct queries to:

Author: Gosia Warchol

Contact details: Gosia.Warchol@fss.scot

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