

Annual Report to the Board from the Finance & Business Committee (FBC)

Report by Alban Denton, Chair of the Finance and Business Committee

1. SUMMARY

1.1 To provide the Board with a summary of the work undertaken by the Finance and Business Committee (FBC) during the period April 2023 to March 2024.

1.2 The Board is asked to:

- **Note** the work that has been undertaken by the FBC during the period April 2023 to March 2024 inclusive.

2. OVERVIEW

2.1 The FBC whilst still in its relative infancy has / is establishing itself as the delegated forum (from the Food Standards Scotland (FSS) Board) to give appropriate high-level oversight of financial and operational matters at Board level and support the translation of policy into effective results through a process of constructive challenge. The FBC remit / Terms of Reference (ToR) is to primarily focus on internal activity around good business practices and performance rather than the delivery of those activities that face external stakeholders.

2.2 The FBC ToR states that the Committee should provide an Annual Report to the Board outlining its work during the previous financial year.

2.3 This report sets out activities of the FBC during the period of 1 April 2023 to 31 March 2024.

Meetings of the FBC

2.4 Annex A lists the membership of the Committee over the period and the regular attendees from the Executive. On occasions, other staff have attended the meeting, as shown, to support the FBC in its work.

2.5 The FBC held meetings on 30 May, 23 August, 15 November 2023 and 27 February 2024. FBC meetings are held via video conference.

2.6 The FBC members and the FSS Executive set the agendas for the meetings.. The FBC Chair provided an oral report of each FBC meeting to the following Board Meetings: 21 June, 20 September and 13 December 2023 and 20 March 2024. FSS Board members are encouraged to direct any enquiries they may have for the FBC via the FBC Chair.

2.7 The FBC minutes, reports and meeting papers are available to all FBC and FSS Board members via the shared drives (Objective Connect).

2.8 The current version of the FBC forward plan is at Annex B.

2.9 The FBC is yet to hold its annual effectiveness review, however this will be planned in for later this year.

3. KEY SUBJECTS

Financial Performance

3.1 Throughout the year Quarterly and YTD financial updates were provided to the Committee with particular detail around known and expected variance to budget / plan by department and strategic priority.

3.2 At the May meeting FBC discussed the lease for Pilgrim House in Aberdeen as the Committee asked why the lease is sitting as an asset and not a liability. It was commented that they offset each other and this has been raised with the auditors. The private sector has done this for a number of years and FSS are just catching up. FSS have looked into the lease of the building but are legally tied into the contract until 2029. FSS would need to pay the remaining amount left on the contract to move.

3.3 In regards to debt recovery at May's Committee the FBC asked if FSS are paying more to recover the debt than the actual cost on the invoices. Elaine highlighted that FSS do a lot of work internally to try and progress with debt before it goes to the lawyers to take forward. FSS is not at the stage where we are paying more compared with what we are recovering. FSS are reviewing as need to think about an external agency doing the work and also the work we are doing internally to recover the costs.

3.4 In August the Committee, during the financial performance update, asked what are the ramifications if the organisation overspend and Elaine stated we are not allowed to overspend against our budget as a government department, unless we are officially given more budget from the Scottish Government (SG).

3.5 In February Elaine presented the report of the finance position at the end of December where there was an overspend of £51k against the budget. It was highlighted that FSS faced an underspend of around £100k which changed from previously having an overspend. FBC asked whether the under spend included the pay award which Elaine confirmed it did. The Chair asked for clarification that other Government funded organisations are facing the same issues as FSS which Geoff confirmed.

3.6 It was also highlighted at February's meetings that the Committee will see the initial draft of the financial management plan for 2024 – 26 (to support the new corporate plan) at the next FBC in May 2024.

FSS Charge Out Model and Rates (to meat industry for audit and health certification)

3.7 At the May meeting the FBC were provided with some background information on the Charge Rate Model including the process each year, how it is communicated and Ministerial involvement. FBC agreed the current rates at the May meeting but asked that going forward the Committee take a more proactive role in the setting of the rates as it is considered to be a strong potential source of revenue which is currently subsidised and could be a key deliverable within the Public Sector Reform Programme (PSR). Note additional comments within the Resource Challenges within Operations section.

Resource Challenges in Operations

3.8 FBC have received updates around the challenges being presented by the difficulties in recruiting and retaining vets and Meat Hygiene Inspector's (MHI's) have been offered along with plans to attempt to mitigate the current resourcing challenges (seeking new pools of talent e.g. Spain and managing the balance of agency/training/full time employees). FBC agreed as this is a recoverable cost from the Scottish meat industry there is a clear need to communicate clearly and swiftly the impact this will have.

Consumer Tracker (Wave 15)

3.9 Consumer tracking survey responses were shared and discussed at the FBC and given its clear impact on external parties (the consumer) and its influence on setting FSS priorities and ways of working (e.g. media spend). The FBC requested that this area be elevated to the FSS Board agenda.

Performance against Corporate Plan

3.10 Significant attention and importance is attached to the review of the above – it is seen as key to ensuring the organisation “stays on track” both in terms of strategy delivery as well as effective resource allocation and management.

3.11 At the May meeting the initial presentation of information suggested that only 32% of the programme could be considered to be complete / on track. The FBC discussed and agreed that this was substantively because the corporate plan targets had not been updated to reflect the agreed outputs of the prioritisation exercise.

3.12 In November FBC were given sight of mid-year progress against Year 3 of the FSS Corporate Plan. The FBC asked if the impact on items that have been delayed or cancelled would affect FSS's Risk exposure to which Garry replied that a

Risk Management Forum had been held the previous week. At the Forum it was discussed that nothing has been paused or stopped requires escalation to the strategic risk register and will have minimum impact.

Strategic Outcomes Measures

3.13 In August FBC were presented with the 2022-23 Q3 and Q4 strategic outcomes measures. The FBC asked about the reporting frequency as some are done annually and others are quarterly. FBC agreed it would be helpful for the date of the next data to be added to the slides

3.14 At the February meeting the strategic outcomes and performance data 2023/24 Q1 and Q2 were presented. FBC raised a general question on how SPI outputs help FSS if things begin to deteriorate in the future. It was noted this was a particular challenge at strategic level. For SPI's FSS do not have direct control over but we can look at a 'control and influence' approach using trend monitoring to direct action.

Public Sector Reform Programme (PSR)

3.15 A key element of SG plans to achieve a (more) balanced budget and improved organisational efficiency for all Government agencies is through "better ways of working" and "revenue generation".

3.16 This will / has affected FSS and the FBC has raised its focus on all revenue opportunities and supported reviews of improved ways of working.

Communications Metrics

3.17 Over the year the presentations at FBC of the above have been significantly enhanced which has led to an improvement in understanding of the impact of FSS on the consumer and various stakeholders. This is proving beneficial in the allocation of resources, best value for money and for identifying impacts on behaviours "which stimuli creates changes in behaviours".

4. MEMBERSHIP, RESOURCE IMPLICATIONS & SUSTAINABILITY ISSUES FOR THE FBC

4.1 Following new Board member appointments, Dr Paula Charlesworth and Christina Bichan joined the Committee in May 2023.

4.2 The FBC expects to meet 4 times each year. No material increase in requirements is anticipated.

5. CONCLUSION AND RECOMMENDATIONS

5.1 The FBC continues to fulfil its role of scrutiny and providing assurance to the Board.

5.2 The FBC also thanks FSS staff for their contribution in supporting the Committee and its work.

5.3 The FBC is asked to:

- Note the work undertaken by the Finance and Business Committee during the course of the period April 2023 to March 2024 inclusive.

Alban Denton
Chair, Finance and Business Committee
July 2024

Annex A

Membership of the FSS Finance and Business Committee April 2023 to March 2024

Members:

Alban Denton (Chair)
Dr Paula Charlesworth
Christina Bichan

Attendance:

	30/05/23	23/08/23	15/11/23	27/02/24	29/05/24	
Alban Denton	✓	✓	✓	✓	✓	4/4
Paul Charlesworth	✓	✓	✓	✓	✓	4/4
Christina Bichan	✓	✓	✓	✓	✓	4/4
Geoff Ogle	✓	✓	✓	✓	✗	3/4

Regular Attendees:

Executive
Geoff Ogle, Chief Executive and Accountable Officer
Head of Governance & Infrastructure
Head of Finance and Procurement
Head of Comms & Marketing
Head of Private Office
Executive Officer

Occasional Attendees:

Executive
Head of Corporate Support
HR Manager

Annex B

Finance and Business Committee Forward Plan

FBC Forward Programme 2024				
FBC Forward Programme - Agenda Items	27/02/2024	29/05/2024	03/09/2024	09/12/2024
Miscellaneous Standing Agenda Items				
Minutes and Action Log Tracker				
Any Other Business				
Finance				
Finance Report				
FSS Charge Rate Model				
Draft Financial Approach 2024 – 26				
HR				
People Strategy				
Equalities Mainstreaming Report				
Civil Service People Survey Results				
Other Matters				
Strategic Outcomes and Performance Data 2023/24 Q1 & Q2 Strategic Performance Indicators				
FBC Effectiveness Review				
Risk Analysis and Regulated Products				
Comms				
Comms Metrics				
Consumer Wave Results				

FBC Forward Programme 2025				
FBC Forward Programme - Agenda Items	05/03/2025	28/05/2025	27/08/2025	18/11/2025
Miscellaneous Standing Agenda Items				
Minutes and Action Log Tracker				
Any Other Business				
Finance				
Finance Report				
FSS Charge Rates 2025-26				
Draft Financial Approach 2024 – 26				
HR				
People Strategy				
Equalities Mainstreaming Report				
Civil Service People Survey Results				
Other Matters				
Strategic Outcomes and Performance Data 2024/25 Q1 & Q2 Strategic Performance Indicators				
FBC Effectiveness Review				
Risk Analysis and Regulated Products				
Carbon Management Plan and Policy Implementation Plan				
Comms				
Comms Metrics				
Consumer Wave Results				