

FOOD STANDARDS SCOTLAND BUDGET 2017-18

1 Purpose of the paper

1.1 This paper is presented to the Board to review and consider the budget allocation for Food Standards Scotland (FSS) for the financial year 2017-18.

1.2 The Board is asked to:

- **Approve the** proposed budget profile for 2017-18 and allocation as recommended by the Executive.
- **Note** the tables and charts in Annex A, and the more detailed breakdown shown within Figure 3 for information.
- **Note** that work is continuing to develop an FSS Financial Strategy in line with Audit Scotland recommendations.

2 Background

2.1 This work supports FSS Strategic Outcome 6: FSS is efficient and effective.

2.2 The Budget (Scotland) Act 2017 was passed by the Scottish Parliament on 23 February 2017 and received Royal Assent on 31 March 2017¹. This confirmed the 2017/18 financial provision for the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund (SCF). The FSS resource budget of £15.3m (net) was confirmed as part of this provision.

3 Budget Summary

Allocation of budget against Strategic Outcomes

3.1 As the Board is aware, the Executive reports its financial performance against our six strategic objectives to provide an indication on how we are using our resources effectively to deliver against the Strategy and Corporate Plan.

3.2 The high-level budget allocation, against each strategic outcome, for the coming year is detailed in Figure 1 at Annex A. The Board will note that the budget allocation has been split by strategic outcome with the forecasts split as follows:

1. Food is safe 46%
2. Food is authentic 10%
3. Consumers choose a healthier diet 10%
4. Responsible businesses flourish 10%
5. FSS is a trusted organisation 14%
6. FSS is efficient and effective 10%

¹ <http://www.parliament.scot/parliamentarybusiness/Bills/103199.aspx>

3.3 The two most significant shifts in budget allocation are in Outcome 3 and 6 where the variance from last year is a 2.6% reduction and 4.6% increase respectively. The reason for the reduction in outcome 3 is due to less programme expenditure approved by SMT as part of the budget planning round given the change in the nature of the activity in this area forecast to take place during the year. The increase in outcome 6 primarily relates to a portion of staff costs for a number of branches across FSS being allocated to this outcome. This is intended to better reflect the delivery of work by these teams.

3.4 Based on the previous two years and the deliverables for the remainder of the corporate plan, the executive believes this balance represents the best means of delivering the corporate plan and the Board's desired outcomes and therefore recommend that the Board agrees this budget profile. As identified in the paper, we will of course provide regular updates for the Board so any shifts in expenditure between outcomes will be visible.

The executive therefore recommends that the Board agree the allocation as per Figure 1.

Profile of budget expenditure

3.5 The profile of when the budget is forecast to be spent is presented in Figure 2 and is based on an assessment made by Branches at March 17. Following on-going work with Branches, the budget profile is distributed more evenly over the year, varying monthly from £1.1m to £1.4m, and there is currently no expectation of significant spikes of expenditure in the last month of the year.

3.6 A comparison of the monthly budget v actual performance will be provided to the Board during the year and in the meantime, Figure 2 gives an overview of budget allocation between 2016/17 and 2017/18 financial years.

Detail of resource expenditure by budget line

3.7 For this financial year, a new financial management information report has been created to provide the Senior Management Team (SMT) with further detail behind the five budget lines in Figure 1. This report will provide a greater level of granularity of budget allocation and spend to the Executive to support decision making, particularly where there is a forecast underspend of the budget.

3.8 Figure 3 provides additional detail behind the five budget lines that are now being reported to SMT. For each element, we are reporting variances comparing monthly forecast versus actual expenditure and full year budget versus forecast outturn, as well as explanation for any differences. It is the intention, for information purposes only, to provide the Board with a similar report on a quarterly basis as part of financial performance updates this year.

4 Risks, Issues and Highlights

4.1 We are continuing to progress with the development of an FSS long-term Financial Strategy (and associated workforce planning) and Financial Performance targets in line with Audit Scotland's recommendations and expect this work to be finalised by July. This remains challenging given the nature of one-year budget settlements and uncertainty around resource requirements related to BREXIT and has been slightly delayed due to other work areas taking priority over the latter part of 16/17.

5 Conclusions/Recommendations

5.1 The Board is asked to:

- **Approve** the proposed budget profile for 2017-18 and allocation as recommended by the Executive.
- **Note** the tables and charts in Annex A and the more detailed breakdown shown within Figure 3.
- **Note** that work is continuing to develop an FSS Financial Strategy in line with Audit Scotland recommendations.

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Annex A Tables and Charts

Budget allocation against Strategic Outcomes

Figure 1 provides an overview of the full year budget allocated to each outcome.

Strategic Outcomes	FY 2017 -18 Total	Food is	Food is	Consumers	Responsible	FSS is a	FSS is	
	£'000	Safe	Authentic	Choose a	food	trusted	efficient	
				Healthier	businesses	organisation	and	
				Diet	flourish		effective	
Staff	Budget	7,763	3,493	777	770	867	980	876
Administration	Budget	3,295	837	492	445	461	544	516
Programme	Budget	7,448	4,961	583	380	240	943	341
Capital	Budget	131	58	8	0	8	8	50
Income	Budget	(3,337)	(2,278)	(365)	0	(54)	(320)	(320)
Total	Budget	15,300	7,071	1,495	1,595	1,522	2,155	1,463
	% of budget allocated		46.2%	9.8%	10.4%	9.9%	14.1%	9.6%
	% of budget 2016-17		48.7%	11.9%	13.0%	9.5%	11.9%	5.0%

Figure 1 – Budget by Strategic Outcome

Profile of budget expenditure 17/18 v 16/17

Figure 2 shows the profiled expenditure of the budget during the financial year. The profile and actual expenditure of the 16/17 budget is shown for comparison purposes.

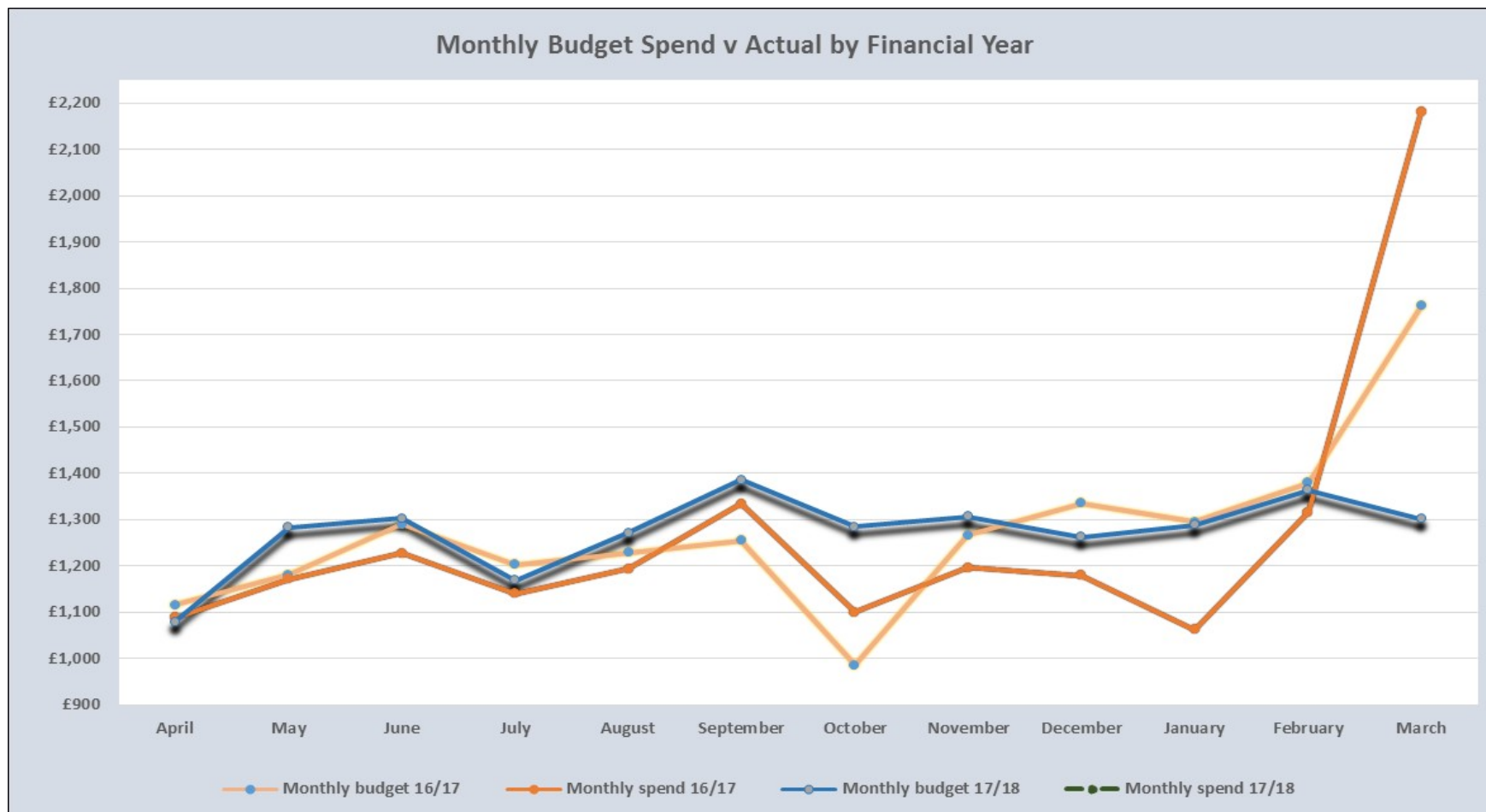


Figure 2 – Profile of budget expenditure

Allocation of resource expenditure by budget line

Figure 3 expands the budget lines in Figure 1 to provide detail of expenditure contributing to totals.

Allocation of FSS Budget £'000		Full year Budget
RDEL		
Staff Costs	Salaries, NIC, Pension	7,630
	Agency Staff	10
	Secondment Income	(40)
	Overtime	163
	Total	7,763
Administration	Accommodation, maintenance, utilities	703
	Travel & Subsistence	442
	Training	122
	Legal, IT, Procurement, HR shared services	780
	PPE Clothing, Laundry and other services	114
	Other office costs eg subscriptions, printing, conferences, IT consumables etc	281
	Audit	81
	Pension Liability	222
	Total	2,745
Programme	Training and support to other orgs	104
	Strategic Communications	395
	Research and Development	597
	Food Safety and Healthy Eating	50
	Scientific Work incl Official Controls	5,067
	Testing and Surveillance	421
	Food Incident and Investigation	100
	Marketing	714
	Other Programme costs	-
	Total	7,448
Income	Meat Hygiene Inspection Fees	(2,860)
	Fees OGDS	(436)
	Audit	(41)
	Total	(3,337)
R-FDEL		
Depreciation	Depreciation	550
	Amorisation	-
	Total	550
CDEL		
	I.T - Additions	131
	Furniture & Fittings - Additions	-
	Total	131
Total Resource		15,300
AME		
	Pension Liabilities (AME)	0

Figure 3 – Allocation of resource expenditure