Report:	Financial Outturn Report 2025-26
Meeting:	2026-27 Q1 SMT Meeting – 21 August 2026
Author:	Lynn Balfour, Head of Business Support Services and Tanya Gardner, Business Support Manager
Supporting Papers:	Budget Variance Analysis as at 31 March 2026 (VC250568)

Scottish Information Commissioner

1. Purpose of Report

This report provides a summary of the organisation's financial performance for the year ended 31 March 2026. It compares actual income and expenditure against the approved budget and explains any significant variances.

The report also updates on any instances of fraud in 2025-26.

2. Recommendations and actions

- SMT notes the report and approves for publishing.

3. Budget Setting

- A budget request of was made to the Scottish Parliament Corporate Body (SPCB) on 4 October 2024 for £2,533,000. Contingency funding had been applied for in 2024-25 for two temporary members of staff for two years, with funding of £133,000 for 2025-26 being pre-approved.

- On 28 February 2025, the SPCB approved a budget of £2,697,000, inclusive of the contingency funding of £133,000.

- The difference of £31,000 between the budget submission and approved budget was due to an increase in employer National Insurance contributions.

4. Financial Overview

Headline Position at year-end [1]

- Allocated budget from SPCB: **£2,697,000**
- Actual expenditure: **£2,721,793**
- Underspend / (Overspend): **(£24,794)**
- Percentage variance: **1% overspend**

Overall, the organisation remained close to budget during 2025-26, reporting a year-end overspend of £24,794 (1%). This position was wholly attributable to unbudgeted Court of Session costs of £111,677. Excluding these exceptional costs, the organisation would have achieved a significant underspend against budget of almost £87,000.

[1] The figures within this report do not include all cost recovery elements, as the Commissioner operates on an annualised budget and these adjustments are accounted for across financial years.

Outturn

The following is based on the budget headings as agreed with SPCB. Further breakdown of budget headings within each area are referenced in the Variance Summary as at 31st March 2026.

Area	Budget £000	Actual £000	Variance £ 000 Underspend/ (Overspend)
Staff salaries	£2,257,000	£2,197,811	£59,097
Staff Related Costs	£23,200	£22,005	£1,195
Property Costs	£136,000	£128,017	£7,983
Running Costs	£199,500	£191,584	£7,916
Professional Fees	£61,300	£55,530	£5,770
Capital Expenditure	£20,000	£17,306	£2,694
Court of Session Costs	0	£111,677	(£111,677)
Income	0	(£2136)	£2,136
TOTAL	**£2,697,000**	**£2,721,794**	**(£24,794)**

Key Variances to budget

Staff Salaries (£59,097 underspend)

- The majority of this underspend was on senior management salaries (£64,744) due to the Head of Business Support (HOBS) post being vacant for longer than anticipated and a regrading of post.

Staff Related Costs (£1,195 underspend)

- Training was underspent by £5,605, approximately 38% of the overall training budget. This was partly due to the HOBS vacancy, which leads in this area. During the year, investment in a new learning and development platform delivered exceptional value for money by providing organisation-wide access to statutory, mandatory and professional development training at minimal marginal cost. This resulted in an unanticipated and significant saving against the training budget, as mandatory training had previously been commissioned individually at substantially higher cost. Full utilisation of the training budget is anticipated in future years as the organisation continues to develop its workforce strategy, with a particular focus on digital skills, and commissions specialist training where appropriate.

- Recruitment costs were overspent by £4,855. No budget was requested for 2025–26, as external recruitment had not been anticipated. However, unplanned staff movements created vacancies requiring external recruitment, resulting in unbudgeted recruitment costs. In addition, the appointment of the Heads of

Business Support enabled the review and subsequent recruitment to address long-standing vacancies within their team. The associated recruitment activity was not anticipated at the time the budget was set due to uncertainty around appointment timescales.

Property Costs (£7,983 underspend)

- Property Costs were underspent by £7,983, primarily due to lower utility costs and reduced property maintenance expenditure. The reduced utility costs reflect the organisation's ongoing sustainability efforts and effective management of energy usage, with consumption remaining minimal. Property-related expenditure continues to be subject to variability due to the unpredictable nature of maintenance requirements.

- There was an overspend of £1,576 in our rent due to a rent review from our landlords, increasing our annual costs from £55,000 to £63,000 per annum from January 2026. This increase will be accounted for in our 2026-27 budget submission.

Running Costs (£7,916 underspend)

- Running costs account for 45% of our budget excluding staffing costs and include IT and phone costs; publications and research costs; registrations and subscriptions; insurances; office consumables and stationery; and low value furniture and equipment.

- An overspend of £15,920 was seen in IT costs, mainly arising from necessary upgrades to Cloud-based software. However, this was offset against savings in other areas such as publicity, promotion and printing.

Professional Fees (£5,770 underspend)

- Professional fees cover both our internal and external audits, which are fairly fixed costs. It also includes accountant fees, our Employment Law and H&S support consultants and any other ad-hoc legal fees (not including any Court of Session fees as detailed below).

- Only 30% of our Legal Fees budget was utilised, with an underspend of over £10,000. This was due to most of our legal advice pertaining to Court of Session cases and being captured in that area. HR Advice costs were overspent by £4,594 (22%) due to the requirement for external legal advice in relation to an Employment Tribunal matter. The matter has now been concluded and settled as at the date of writing this report (June 2026), with no further costs anticipated in relation to this.

Capital Expenditure (£2,694 underspend)

- The 2025-26 budget submission requested Capital Expenditure of £10,000 for the replacement of IT equipment and phones, with a small contingency for any furniture replacements. There was an underspend of £3,448 in this area, due to less laptops and phones requiring to be replaced.

- A further £10,000 was requested for external painting of the building, as required under the terms of the lease agreement. However, due to extensive and ongoing building works within the grounds, which remain incomplete, it was considered prudent to defer the painting until these works are finished to avoid inefficient use of resources. This will be requested in the 2026-27 budget submission. The capital expenditure request was utilised on new carpeting and furniture for our meeting rooms and reception areas which had not been replaced since the beginning of our lease (over 20 years). The cost of this was £10,794.

Court of Session Costs (£111,677 overspend – unbudgeted)

- There are various reasons why appeals may be brought to the Court of Session and this can be intimated by an applicant, a Scottish public authority or the Commissioner himself. There is no approved budget for these costs, however an arrangement exists between the Commissioner and the SPCB to apply for contingency funding if these costs cannot be met from existing budget.
- There were 7 live appeals during 2025-26, incurring unbudgeted costs of £111,677. £86,792 of these costs were met within current budget due to underspends in other budget areas as detailed.
- Contingency funding was not requested for the overall overspend attributed to the Court of Session costs (£24,794) due to sufficient reserves in the bank account.

Income (£2,136)

- Income for 2025-26 was attributed to bank interest and small repayments of a past Court of Session fee.

5. Instances of Fraud

As far as I am aware, there were no instances of fraud affecting the organisation in 2025-26.

6. Executive Summary

The organisation concluded 2025-26 with expenditure of £2.722 million against an approved budget of £2.697 million, resulting in a year-end overspend of £24,794 (1% of budget).

Overall financial management remained strong throughout the year, with effective control of resources resulting in underspends across the majority of budget headings, These savings reflect the organisation's continued focus on operating efficiently, maintaining a lean structure, and ensuring expenditure is carefully managed while continuing to deliver core services and strategic priorities.

Court of Session costs totalled £111,677 as a result of seven live appeals during 2025-26 and were the principal factor contributing to the year-end overspend. The organisation was able to absorb £86,792 of these costs through savings realised elsewhere in the budget.

Excluding Court of Session costs, the organisation would have delivered a significant underspend against its approved budget.

7. Future considerations

Future budgets should continue to recognise emerging and known pressures, including rent increases, deferred capital requirements, potential Court of Session costs, and exponentially increasing demand for the organisation's services. While the organisation continues to operate a lean and efficient model, future planning will need to ensure sufficient capacity and investment are maintained to support sustainable service delivery and strategic objectives.

The Commissioner's staffing complement is now fully in place and, therefore the salary underspend achieved in 2025-26 is unlikely to be repeated.

Taking this into account, together with minimal bank reserves, contingency funding requests for Court of Session costs must be considered on a regular basis to avoid the need to absorb significant legal costs within existing operational budgets.