Office of the Secretary of State for Scotland and Office of the Advocate General
2019-20 Supplementary Estimates Memorandum

Office of the Secretary of State for Scotland and Office of the Advocate General (Scotland Office)

Main Estimate 2019-20: Estimates memorandum

1 Overview

1.1 Objectives

The key purpose of the Office of the Secretary of State for Scotland and the Office of the Advocate General remains to support the Secretary of State for Scotland and Advocate General in promoting the best interests of Scotland within the United Kingdom. We act as custodians of constitution arrangements and in particular the devolution settlement. Moreover, we represent distinct Scottish interests within Government and support the rest of the Government on Scottish matters as well as representing the UK Government's policies and achievements in Scotland.

The Office of the Secretary of the State for Scotland is also responsible, through its estimate for payover of cash to the Scottish Consolidated fund in support of spending by the Scottish Government.

1.2 Spending controls

The Office Estimate is broken down into a number of discrete elements, for which Parliament's approval is sought separately. The spending totals which Parliament votes are:

For Office of the Secretary of State for Scotland and Office of the Advocate General itself:

- Resource Departmental Expenditure Limit ("**Resource DEL**")- day to day running costs of the Office;

- Capital Departmental Expenditure Limit ("**Capital DEL**"): - investment in infrastructure of the office: and
- Resource Annually Managed Expenditure Limit ("**Resource AME"**): - provision for future exit costs from the Edinburgh headquarters.

For the Scottish Government:

- **Non-budget** expenditure-cash payments to the Scottish Consolidated Fund. This includes cash payments to support spending by the Scottish Government and Parliament, including payover of the Scottish rate of income tax.

In addition, Parliament votes a net cash requirement, designed to cover both the cash required to cover the Offices own DEL spending, and the cash grant to the Scottish Consolidated Fund.

2 Office of the Secretary of State for Scotland (OSSS) and Office of the Advocate General (OAG)

2.1 Comparison of spending totals sought

The table and graphic below show how the totals sought for the Office of the Secretary of State for Scotland and the Office of the Advocate General compare with last year:

Spending total Amounts sought this year (Supplementary Estimates)		**Compared to original 2019-20 budget (Main Estimates)**		**Compared to final budget last year (Supplementary Estimates)**	
		£ m	**%**	**£m**	**%**
OSSS & OAG: Resource DEL	£11.9m	-£1.7 m	17%	-£1.9m	19%
OSSS & OAG: Capital DEL	£0.5 m	+£0.4m	880%	+£0.4m	880%

2.2 Key drivers of spending changes since last year

The main causes of the changes in Office of the Secretary of State for Scotland and the Office of the Advocate General's Resource DEL are:

- a reserve claim of £610,000 to cover the additional administration cost of VAT on seconded staff from other government departments (RDEL admin);
- a reserve claim of £200,000 to cover increased pay costs (RDEL admin);
- a reserve claim of £35,000 to cover increased legal staff costs (RDEL admin);

- a reserve claim of £498,000 to cover Hub cross government costs (RDEL admin);
- a reserve claim of £460,000 to cover Hub pre-occupation costs (RDEL admin);
- a reserve claim of £450,000 to cover IT Transition costs (£440,000 CDEL (£10,000 RDEL admin);
- a reserve claim of £30,000 to cover increased depreciation costs;(RDEL programme)
- a transfer of £105,000 to the Cabinet Office to cover the transfer of responsibility for special adviser staff costs (RDEL admin);
- A budget increase in Resource DEL administration costs of £100,000, offset set by a reduction in Resource DEL programme costs £100,000; and
- an increase of £1,630,000 in administration costs offset by an increase of £1,630,000 in receipts cover (RDEL admin).

2.3 Spending trends

OSSS & OAG £ million	2015/16	2016/17	2017/18	2018/19	2019/20
	Outturn	Outturn	Outturn	Outturn	Plans
Admin costs	8.7	9.8	9.3	9.6	11.6
Other costs	13.8	0.5	14.2	0.2	0.3
Total Resource DEL	22.5	10.3	23.6	9.8	11.9
Capital DEL	0.2	0.0	0.1	0.0	0.5
Less depreciation and impairments	*	*	*	*	*
Total DEL	22.7	10.3	23.7	9.8	12.4

*less than £0.01m
totals may not sum due to rounding

2.4 Administration costs and efficiency plans

Administration costs are set to rise by 16% in 2019-20 compared to last year's final budget.

Spending total Amounts sought this year (Supplementary Estimates)		**Compared to original 2019-20 budget (Main Estimates)**		**Compared to final budget last year (Supplementary Estimates**	
		£ m	**%**	**£m**	**%**
Administration costs	£11.6m	1.8	18%	1.8	18%

To help make efficiencies the Office of the Secretary of State for Scotland and the Office of the Advocate General, together with Office of the Secretary of State for Wales and Northern Ireland Office, are assessing where services can be shared across the three territorial offices and with other government bodies. The three offices have a single parliamentary clerk. Other services are provided by the Ministry of Justice under Service Level Agreements. In order to make best use of public assets the Office of the Secretary of State for Scotland and Office of the Advocate General let space in their Edinburgh building to other government bodies and Dover House in London is part of the Whitehall campus.

3 Payments to Scottish Consolidated Fund

3.1 Comparison of cash to be paid over

The table and graphic below show how the cash funding provided for the Scottish Consolidated Fund compares with last year:

Spending total Amounts sought this year		Compared to final budget last year. (Supplementary Estimates)		Compared to original budget last year (Main Estimates)	
		£ m	%	£m	%
Scottish Consolidated Fund: Non-budget expenditure	£19,864.7m	+£1,988.2m	10%	+£2,065.7m	11%

3.2 Key drivers of changes in levels of cash to be paid over since last year

Additional funding is provided in 2019-20 for the Scottish Consolidated fund as a result of decisions by the UK Government to spend more than last year on certain activities, where the Scottish government receives its share of this change in respect of devolved functions, through the Barnett formula.

The main drivers in changes to the Scottish Government funding from 2018-19 to 2019-20 are: Barnett Consequentials from UK Government decisions, with over £650m from Autumn Budget 2018, as well as the adjustment from Carers Allowance devolution (£290m), and devolving Network Rail in Scotland (£201m).

3.3 Cash grant payable to Scottish Consolidated Fund

The Office of the Secretary of State for Scotland Estimate allows for the payment of a cash grant to the Scottish Consolidated Fund. This expenditure is shown in Section C of the of Office of the Secretary of State for Scotland and the Office of the Advocate General Estimate under the heading “non- budget expenditure”. All expenditure by the Scottish Government is charged to the Scottish Consolidated Fund.

The amount of cash which the Scottish government receives via this route, and which is sought under this Estimate, is a result of a calculation. The starting point to that calculation is the amount of DEL budget (block grant) and Annually Managed Expenditure which the UK government is prepared to provide. The table below shows the stages in the calculation.

The Scottish Government's spending has been reclassified from PSCE in RDEL to PSCE in AME and from PSGI in CDEL to PSGI in AME. This reflects the Scottish Government's borrowing powers, Reserve facility and the fact that around a third of Scottish Government expenditure is financed by locally raised revenue. This new budgeting treatment only affects the way Scottish Government spending is reported. All previous spending controls, including through the block grant and borrowing and reserve limits, remain unchanged, and the spending power of the Scottish Government is not affected. The Scottish Government block grant remains in the governments measure of RDEL excluding depreciation and CDEL.

Calculation of Cash Grant Payable to Scottish Consolidated Fund 2018-19

£ million	2019-20 Main Estimate	Changes	2019-20 Supplementary Estimate Revised Position
Scottish Block Grant (DEL)	21,935.800	508.622	22,444.422
UK Government Funded (AME)	5,184.150	675.284	5,859.434
Expenditure financed by Scottish Taxes (AME)	12,416.652	-11.945	12,404.707
Expenditure financed by Capital Borrowing	450.000	0.000	450.000
Drawdown from the Scotland Reserve	0.000	428.800	428.800
Non Domestic Rates	2,853.000	0.000	2,853.000
Total Managed Expenditure	**42,839.602**	**1,600.761**	**44,440.363**
add:			
Repayments of principal to National Loans Fund of pre 1999 loans to former Scottish Water Authorities	46.653	-4.753	41.900
Police Loan Charges	3.617	0.023	3.640
Movement in Creditors / Debtors	100.000	-28.000	72.000
	150.270	-32.730	117.540
less:			
Non Domestic Rates Income	2,853.000	0.000	2,853.000
National Insurance Fund Payments towards Scottish National Health Service	2,213.510	26.068	2,239.578
	5,066.510	26.068	5,092.578

***less*: Fiscal Framework transactions (Scotland Act 2016)**			
Taxes collected by Scottish Government	747.000	0.000	747.000
Repayment of principal of loans	-14.348	-11.945	-26.293
Scottish Income Tax	11,684.000	0.000	11,684.000
Capital Borrowing	450.000	0.000	450.000
Funding deposited in the Scotland Reserve (2018-19 outturn)	0.000	338.969	338.969
	12,866.652	327.024	13,193.676
Cash to accruals adjustments			
Depreciation (SG Funded AME)	872.877	0.000	872.877
Depreciation (UK Funded AME)	0.000	9.905	9.905
Impairments (SG Funded AME)	272.463	0.000	272.463
Impairments (UK Funded AME)	100.000	14.565	114.565
Resource to cash adjustments for NHS and Teachers Pensions (UK Funded AME)	4,603.800	403.300	5,007.100
Payments relating to release of provisions (AME)	-100.000	32.000	-68.000
Other cash to accruals adjustments (UK Funded AME - SLs)	-82.500	280.496	197.996
	5,666.640	740.266	6,406.906
Grant payable to Scottish Consolidated Fund	**19,390.070**	**474.673**	**19,864.743**

Note
All items forming this calculation refer to expenditure incurred by/income received by the Scottish Government

In addition, HMRC collects Scottish Income Tax (£11,684 million in 2019-20) on behalf of the Scottish Government and this is also paid over to the Scottish Consolidated Fund via the Scotland Office Supply Estimate (subhead D).

3.4 Barnett Consequentials

From time to time, the Treasury will adjust the budgets of UK departments with the devolved administrations receiving "Barnett consequentials" (Scotland's share) of these adjustments.

The majority of these budgetary adjustments take place at major fiscal events such as at Budget (and previously at Spring Budget and Autumn Statement). At the end of 2018, the Treasury published the second edition of its Block Grant Transparency document.

https://www.gov.uk/government/publications/block-grant-transparency-december-2018

The Supplementary Estimate included the following Barnett Consequentials for the Scottish Government in 2019-20 (£110.7m RDEL, £55.4m CDEL, -£175m CDEL (Financial Transactions). The 2019-20 Main Estimate included Barnett Consequentials of £485.1m arising from Reserve claims by UK Government Departments that would normally have been dealt with at Supplementary.

In order to assist Members' understanding of how 'Barnett Consequentials' have impacted upon the Scottish Government's budget for 2019-20, the table below details all Consequentials made available to the Scottish Government.

3.4 Barnett Consequentials (since last SR)

Department/Programme	Measure	Resource/Capital	2019-20 £m
Budget 2016			
Business, Innovation and Skills	Royal College of Arts	Capital	1.2
Business Rates	Permanently double SBRR from 2017-18	Resource	65.2
Business Rates	Increasing the Small Business Rate Relief thresholds from 2017-18	Resource	73.0
Business Rates	Increasing the standard multiplier threshold from 2017-18	Resource	10.7
Education	Making all schools academies by 2022	Resource	4.2
Education	National Funding Formula	Resource	5.0
Education	Northern Powerhouse	Resource	1.8
Education	Mentoring for 25,000 disadvantaged students	Resource	0.3
Education	Longer school day	Resource	28.1
Education	Expanding breakfast clubs	Resource	1.0
Education	Doubling the primary school sports premium	Resource	15.8
Environment, Food and Rural Affairs	Flood package: maintenance funding	Resource	*3.9*
Environment, Food and Rural Affairs	Floods: Partnership Support Fund	Capital	*2.5*
Environment, Food and Rural Affairs	Floods: Six year programme top-up	Capital	2.2
Transport	M62 smart motorway	Capital	9.5
	Sub Total Resource		*209.1*
	Sub Total Capital		*15.3*
Autumn Statement 2016			
Business, Energy and Industrial Strategy	Northern Power House: Investment Fund	Financial Transactions	0.4

Business, Energy and Industrial Strategy	Midlands Engine: Investment Fund	Financial Transactions	1.7
Business, Energy and Industrial Strategy	Mayfield Review of Management	Resource	0.3
Business, Energy and Industrial Strategy	Invest in University Tech Transfers	Capital	2.5
Business, Energy and Industrial Strategy	QR funding	Capital	7.0
Business Rates	Rural Rate Relief	Resource	0.5
Business Rates	Fibre relief	Resource	1.0
Communities & Local Government	Accelerated build-out	Capital	54.9
Communities & Local Government	Affordable housing grants	Capital	35.5
Communities & Local Government	“Help-to-Build”, including “Roads for Homes”	Capital	78.5
Culture, Media & Sport	Royal Society of Arts School Pilots	Resource	0.0
Culture, Media & Sport	Rugby League World Cup 2021	Capital	0.2
Culture, Media & Sport	Rugby League World Cup 2021	Resource	0.4
Culture, Media & Sport	World Road Cycling	Capital	0.5
Culture, Media & Sport	World Road Cycling	Resource	0.1
Education	Grammar Schools	Capital	4.9
Transport	Strategic roads – pinchpoints	Capital	4.4
Transport	Local roads and local transport	Capital	30.9
Transport	ULEVs - support for electric buses and taxis (E & W)	Capital	2.7
Transport	Digital signalling	Capital	13.9
Justice	Prison staffing and wider reforms to the justice system	Resource	15.4
	Sub Total Resource		*17.7*
	Sub Total Capital		*236.0*
	Sub Total Financial Transactions		*2.1*

Spring Budget 2017

Business Rates	Business Rates - Mitigating Impact of SBRR	Resource	2.1
Business Rates	Business Rates - Discretionary Relief Fund	Resource	3.4
Education	16-19 Education: Sainsbury Review	Resource	9.4
Education	110 Free Schools	Resource	1.8
Education	110 Free Schools	Capital	2.6
Education	Schools Maintenance	Capital	10.6
Education	School Buses	Resource	0.3
Health	Social Care	Resource	33.0
Health	Social Transformation Programme Funding	Capital	10.7
Health	Employee Mental Health	Resource	0.3
Home Office	Tackling Domestic Violence and Abuse	Resource	0.9
	Sub Total Resource		*51.3*
	Sub Total Capital		*23.9*
Autumn Budget 2017			
Business Rates	Move from RPI to CPI in 2018-19	Resource	51.1
Business, Energy and Industrial Strategy	Growth Hubs and Diffusion Pilot	Resource	1.6
Communities & Local Government	Help to Buy Equity Loan	Financial Transactions	274.1
Communities & Local Government	Home Building Fund for SMEs	Financial Transactions	51.1
Communities & Local Government	Estate Regen	Financial Transactions	6.8
Communities & Local Government	National Housing Fund (Strategic Infrastructure inc. remediation)	Capital	17.6
Communities & Local Government	National Housing Fund (Small/Stuck Sites infra and remediation)	Capital	29.3
Communities & Local Government	National Housing Fund (HCA Land Assembly)	Capital	18.1
Communities & Local Government	Voluntary Right to Buy Pilot	Resource	6.8

Communities & Local Government	Grenfell	Resource	1.0
Communities & Local Government	Private Rented Access Scheme	Resource	0.9
Communities & Local Government	Office for Data Analytics	Resource	0.0
Culture, Media & Sport	DCMS: Jodrell Bank Observatory	Capital	0.2
Culture, Media & Sport	Efficiency Savings	Resource	-6.9
Education	Industrial Strategy - Skills	Resource	7.3
Education	Teacher Development Premium	Resource	1.4
Education	Efficiency Savings	Resource	-4.2
Environment, Food and Rural Affairs	Compliance Funding	Resource	1.3
Environment, Food and Rural Affairs	Clean Air Fund	Resource	5.4
Environment, Food and Rural Affairs	Waste Crime Enforcement	Resource	0.5
Health	Health Resource	Resource	88.1
Health	Health Capital	Capital	69.2
Transport	Clean Air Fund	Capital	5.4
Transport	Compliance Funding	Capital	5.9
Transport	Nexus Rolling Stock Replacement (from NPIF)	Capital	2.1
Transport	Midlands Connect: Motorway Hub	Capital	0.1
Transport	Regional Transport Infrastructure Fund (from NPIF)	Capital	17.6
Work & Pensions	Relationship Support	Resource	0.6
	Sub Total Resource		*154.9*
	Sub Total Capital		*165.5*
	Sub Total Financial Transactions		*332.0*
Budget 2018			
Business Rates	Retail Discount	Resource	42.9
Business, Energy and Industrial Strategy	Improving management by supporting peer to peer networks	Resource	2.0

Business, Energy and Industrial Strategy	Knowledge Transfer Partnerships	Capital	0.1
Business, Energy and Industrial Strategy	Small Business Leadership Programme - Conf Enterprise Package	Resource	1.1
Business Rates	Revision to AB 17 package	Resource	16.2
Culture, Media & Sport	Coventry City of Culture	Capital	0.8
Culture, Media & Sport	Digital Skills Bootcamps	Resource	0.3
Environment, Food and Rural Affairs	Air Quality - Implementation Fund	Resource	0.4
Environment, Food and Rural Affairs	Food Waste Fund	Resource	1.5
Environment, Food and Rural Affairs	Landfill Site Clearance	Resource	0.5
Environment, Food and Rural Affairs	Urban Tree Planting	Resource	0.1
Environment, Food and Rural Affairs	Urban Tree Planting	Capital	0.3
Environment, Food and Rural Affairs	Plastics and Waste Innovation Funding	Capital	1.0
Education	Apprenticeships - Reducing co-investment charge for SMEs	Resource	2.0
Education	Childrens' Social Care	Resource	3.9
Education	Regional pilot of on-the-job training for young people	Resource	0.3
Education	National Retraining Scheme	Resource	0.4
Education	National Retraining Scheme	Capital	0.6
Education	Regional Skills for the Self-Employed	Resource	0.5
Transport	East West Rail development funding	Resource	1.8
Transport	Air Quality - Implementation Fund	Capital	0.6
Transport	Birmingham Future Mobility City	Resource	0.2
Transport	Birmingham Future Mobility City	Capital	0.5
Transport	Northern Powerhouse Rail Development Funding	Resource	3.4
Health & Social care	NHS Settlement	Resource	550.0
Housing, Communities & Local Government	Development Corporations	Resource	0.2
Housing, Communities & Local Government	High Streets	Capital	0.0
Housing, Communities & Local Government	High Streets	Resource	1.3
Housing, Communities & Local Government	Strategic Housing	Resource	0.4

Housing, Communities & Local Government	Neighbourhood forums	Resource	0.3
Housing, Communities & Local Government	Social Care (2019-20)	Resource	63.4
Housing, Communities & Local Government	Heritage High Streets	Capital	0.3
Housing, Communities & Local Government	Heritage High Streets	Resource	0.1
	Sub Total Resource		*693.1*
	Sub Total Capital		*4.3*

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Business Rates	Changes to Forecast	Resource	49.0
DHSC	NHS	Resource	3.8
Home Office	Police	Resource	8.3
Justice	Reserve Claim	Resource	122.3
Various	Pensions Pressures	Resource	269.9
Home Office	Counter Terrorism Policing	Resource	14.8
Home Office	Knife Crime	Resource	7.4
ONS	2021 Census	Resource	9.6
	Sub Total Resource		*485.1*

Supplementary Estimates 2019-20

Department for Business, Energy & Industrial Strategy	In-year reductions	Resource	-0.2
Department for Business, Energy & Industrial Strategy	In-year reductions	Capital	-3.5
Cabinet Office	In-year reductions	Resource	0.0

Department for Communities and Local Government	In-year reductions	Financial Transaction	-175.0
Local Government	In-year reductions	Resource	-5.1
Department for Culture, Media and Sport	In-year reductions	Resource	-1.3
Department for Culture, Media and Sport	In-year reductions	Capital	-7.5
Education	In-year reductions	Resource	-34.3
HM Treasury	In-year reductions	Resource	0.0
Department for Work and Pensions	In-year reductions	Resource	0.0
Department for Transport	In-year reductions	Resource	-5.4
Department for Transport	In-year reductions	Capital	-183.2
Department for Business, Energy & Industrial Strategy	Insolvency Service Breathing Space scheme	Resource	0.3
Department for Communities and Local Government	Towns regeneration	Resource	0.6
Department for Communities and Local Government	Holocaust Memorial	Resource	0.5
Department for Communities and Local Government	Integrated communities - English language	Resource	0.7
Department for Culture, Media and Sport	Listed Places of Worship 1	Resource	0.1
Department for Culture, Media and Sport	Commonwealth Games Delivery Unit 1	Resource	0.4
Department for Culture, Media and Sport	Festival of Britain Policy Team	Resource	0.1
Department for Culture, Media and Sport	Listed Places of Worship 2	Resource	1.9
Department for Culture, Media and Sport	Commonwealth Games	Resource	2.2
Department for Culture, Media and Sport	Commonwealth Games Delivery Unit 2	Resource	0.2
Department for Culture, Media and Sport	Festival of Britain funding for CWG OC	Resource	0.0
Education	Period poverty	Resource	0.2
Education	Restructuring facility	Resource	0.8
Education	Academies	Resource	4.5

Education	Academies	Capital	0.0
Department for Environment, Food and Rural Affairs	Air Quality Plan	Resource	1.3
Department for Environment, Food and Rural Affairs	Flood recovery for farmers	Resource	0.0
Department for Environment, Food and Rural Affairs	Flood Risk Management (Admin)	Resource	0.0
Department for Environment, Food and Rural Affairs	Flood Resilience Review	Resource	0.0
Department for Environment, Food and Rural Affairs	Property resilience funding	Resource	0.0
Department of Health	Immigration Health Surcharge (2018-19)	Resource	3.8
Department of Health	Baseline issues	Resource	40.8
Department of Health	Capital for Trusts	Capital	116.6
Home Office	Police officers	Resource	4.0
Home Office	Police officers	Capital	0.1
Ministry of Justice	Court Reform Funding	Resource	5.9
Ministry of Justice	Prison Maintenance	Resource	2.8
Ministry of Justice	Probate Fees	Resource	11.2
Ministry of Justice	Bringing forward Security in Prisons funding from 2020/21	Resource	0.9
Ministry of Justice	Glen Parva	Capital	0.8
Crown Prosecution Service	GFS schemes	Resource	1.2
Crown Prosecution Service	Prosecutor recruitment	Resource	0.5
Department for Transport	HS2 VAT 1	Resource	6.6
Department for Transport	Rail risk share	Resource	19.2
Department for Transport	HS2 VAT 2	Capital	31.4
Department for Transport	Crossrail	Capital	90.8
Department for Transport	Class 365s	Capital	8.7

Various	EU Exit allocation	Resource	38.6
Various	EU Exit allocation	Capital	1.2
Various	Operational Contingency Fund	Resource	3.4
Various	Business Readiness	Resource	4.2
	Sub Total Resource		110.7
	Sub Total Capital		55.4
	Sub Total FTs		-175.0

Total Barnett Consequentials Since 2015 Spending Review

Total Resource	**1721.9**
Total Capital	**500.4**
Total Financial Transactions	**159.1**

3.5 Control Totals for the Scottish Government including breakdown by main programme of AME spending

Resource and capital DEL for Scottish Government:

£m nominal	2019-20
Resource DEL (RDEL)	**18,012.8**
of which:	
*RDEL excluding depreciation**	*16,867.1*
depreciation & impairments ring fence in RDEL	*907.8*
student loans ring fence in RDEL	*238.0*
Capital DEL (CDEL)	**4,431.6**
of which:	
General CDEL	*4,087.5*
Ring-fenced Financial Transactions	*344.1*

** includes block grant deduction of £12,195 million*

In addition, the Scottish Government are forecasting Annually Managed Expenditure of £ 21,593 million in the following areas:

Programme	2019-20 Main Estimate	Changes	2019-20 Supplementary Estimate
	£m		
UK Government Funded AME			
Student Loans	397.5	-12.0	385.5
NHS Pensions (Scotland)	3,011.8	194.3	3,206.1
Teachers Pensions (Scotland)	1,674.5	259.0	1,933.5
NHS Impairments	100.0	-60.0	40.0
Other	0.4	294.0	294.3
Sub total	*5,184.2*	675.3	5,859.4
Scottish Government AME			
Non Domestic Rates	2,853.0	0	2,853.0
Scottish Land & Buildings Transaction Tax	643.0	0	643.0
Scottish Landfill Tax	104.0	0	104.0
Scottish Income Tax	11,684.0	0	11,684.0
Scottish Government Borrowing	450.0	0	450.0
Sub total	*15,734.0*	*0*	15,734.0
TOTAL	**20,918.2**	**675.3**	**21,593.4**

3.6 Reconciliation of the 2015 Spending Review settlement for the Scottish Government and current Control Totals for 2019-20

The Treasury's Block Grant Transparency document details all changes made to the Control Totals of the Scottish Government between SR 2015 and the end of 2018, and how they are calculated. This covers all years which were considered during the 2015 Spending Review (2016-17, 2017-18, 2018-19 and 2019-20).

The table below details all changes to the Scottish Government budget for 2019-20 since the 2015 SR settlement, including changes since the above document was published.

As further clarification on some of the entries below:

- **CAP 'Convergence' funding:** The Chancellor announced at the 2019 Spending Round that the Scottish Government will receive £160m in recognition of the perceived injustice felt by Scottish farmers over the intra-UK allocations of Common Agriculture Policy 'convergence' funding in 2013. The funding will be provided over two years, with £80 million in 2019-20 and £80 million in 2020-21.

- **Budget cover for Expected Credit Loss (ECL) implications re-changes to IFRS 9:** IFRS 9 was effective from 2018-19 and brought in a new concept called the expected credit loss. This means that any anticipated losses on relevant financial transactions (for examples loans) have to be recognised much earlier in the accounts and consequently, in budgets as an organisation no longer has to wait for a loss to have occurred before it is recognised as an 'expected loss' in the accounts. It was agreed that the ECLs were to be treated as classification change so devolved administrations would be given the budget cover in 2019-20.

- **Operational contingency fund direct bid:** The Barnett formula was applied in the normal way on all funding provided to UK government departments through the Operational Contingency Fund (OCF) for preparations for a 'no deal' EU Exit. The devolved administrations were also able to make direct bids to the OCF where they faced disproportionate pressures above and beyond funding received through the Barnett formula. In 2019-20, the Scottish Government were provided with £3.4m of Barnett consequentials from the OCF and £20.2m of additional funding resulting from their direct bid to the OCF.

3.6 Changes to Scottish Government Control Totals for 2019-20 since 2015 Spending Review

	Resource DEL £m	Depreciation & impairments ring-fence £m	Student loans ring-fence £m	General Capital DEL £m	Financial Transactions Capital £m
SR 2015 Settlement	26,468.3	**907.4**	**238.0**	3,186.6	184.9
Barnett Consequentials: Budget 2016	209.1			15.3	
Barnett Consequentials: Autumn Statement 2016	17.7			236.0	2.1
Barnett Consequentials: Spring Budget 2017	51.3			23.9	
Barnett Consequentials: Autumn Budget 2017	154.9			165.5	332.0
Barnett Consequentials: Autumn Budget 2018	693.1			4.3	
Barnett Consequentials Main Estimates 2019-20	485.1				
Aberdeen City Deal				21.4	
Block Grant Adjustment: Fiscal Framework	-12,193.1				
Block Grant Adjustment: Coastal Communities Fund & Crown Estate	-1.5				
Budget Transfer from BEIS: National Productivity Investment Fund R&D				7.4	
Budget Transfer from Cabinet Office: Cyber Security	1.3				
Budget Transfer from DWP: Single Gateway Project	0.5				

Budget Transfer from Home Office: Immigration Health Surcharge	25.5		
Budget Cover Transfer from BEIS: GovTech			0.3
Budget Cover Transfer from Cabinet Office: Cyber Security			0.2
Budget Transfer from BEIS : Research & Development			4.7
Carers Allowance	289.6		
Edinburgh City Deal			35.0
Inverness City Deal	3.8		8.2
Machinery of Government Transfer from BEIS: Consumer Protection	1.4		
Machinery of Government Transfer from DEFRA: Forestry	2.7	0.4	1.7
Machinery of Government Transfer from DWP - Sure Start Maternity Funding	2.1		
Machinery of Government Transfer from DWP: Discretionary Housing Payments	19.5		
Machinery of Government Transfer from DWP: Employment Service	13.7		
Machinery of Government Transfer from Food Standards Agency	3.1		
Network Rail	40.0		201.0
Reserve Claim - Financial Services	3.9		
Reserve Claim - Funding for EU Exit	48.8		5.9
Stirling City Deal			3.0
Tay Cities Deal			10.0
Transfer of Research & Development Spending from Resource to Capital	-41.6		41.6

<u>Changes since Main Estimates 2019-20</u> <u>Memorandum</u>			
Barnett Consequentials Supplementary Estimates 2019-20	110.7	55.4	-175.0
Autumn Budget 2018 Consequentials	11.6		
Autumn Budget 2018 : Non-Barnett additions: European Maritime and Fisheries Fund Fishing Safety SWNI Adjustment (Reserve)	0.5		
Change to BGA iro Crown Estate	0.5		
Fiscal Framework on-going administration costs	52.0		
2019-20 Tampon Tax allocation to Scottish Charities	1.4		
Reserve Claim: Rebate iro Cashflow Management Scheme	0.1		
HMT transfer: Second instalment of Rail funding iro change in budgeting for Network Rail	40.0		
Reserve Claim: Personal Injury Discount Rate (PIDR)	35.0		
Reserve Claim: Budget cover for Expected Credit Loss (ECL) implications re-changes to IFRS 9	71.0		
CAP 'Convergence' Funding	80.0		
MoG transfer from DWP iro Devolution of Specialist Employability Support (IPES)	0.2		
Budget cover transfer from DWP iro Single Gateway Project	0.4		
Budget cover transfer from DWP iro Fit for Work funding	0.3		
Budget cover transfer from DWP iro GP IT Pilot funding	0.2		
Budget cover transfer from DfT iro Dundee to Stansted PSO	1.4		

Budget cover transfer from DHSC iro HIV funding	0.8				
Budget cover transfer from Home Office in respect of marriage / civil partnership changes	0.1				
Budget cover transfer from DEFRA iro European Maritime and Fisheries Fund Funding for 2019-20	3.2				
Budget cover transfer from DCMS iro Edinburgh Culture Summit	0.1				
Budget cover transfer from Home Office iro Immigration Health Surcharge	17.1				
Autumn Statement 2016 Consequentials				3.5	
Autumn Budget 2017 Consequentials				3.7	
Reserve Claim: Glasgow City Deal				15.0	
Carry forward of Health Consequentials	58.5			11.0	
Carry forward of MoJ Consequentials	67.4			11.1	
Operational contingency fund direct bid	15.4			4.8	
MoG transfer from DWP iro Funeral Expense				3.0	
Budget cover transfer from BEIS iro Autumn Statement 2016 announcement of £4.7 billion R&D - NPI Fund				3.5	
Budget cover transfer from BEIS iro public sector energy efficiency				4.9	
Budget cover transfer to DHSC iro Ambulance Radio Programme				-0.4	
Budget cover transfer from CO Security and Intelligence Agency iro CT Accelerator Fund				0.0	
Total at Supplementary Estimates 2019-20	**16,867.1**	**907.8**	**238.0**	**4,087.5**	**344.1**

3.7 Trends: Scottish Government spending 2015-16 to 2019-20

	2016-17	**2017-18**	**2018-19**	**2019-20**
	Outturn £m	**Outturn £m**	**Outturn £m**	**Plans £m**
Scottish Government				
Scottish Government Resource (Before Block Grant Adjustment)	26,877.4	27,485.7	28,926.1	30,276.3
less Block Grant Adjustment	*-5,500.0*	*-12,540.0*	*-12,431.0*	*-12,194.6*
Scottish Government Resource (6)	21,377.4	14,945.7	16,495.1	18,012.8
Scottish Government Capital	3,247.9	3,625.3	3,871.9	4,431.6
Scottish Government DEL(3)	**24,625.3**	**18,571.0**	**20,367.0**	**22,444.4**
less depreciation & impairments	*-779.0*	-769.2	-1,513.2	-1,145.7
Scottish Government DEL(4) (6)	**23,846.3**	**17,801.8**	**18,853.8**	**21,298.7**

Notes
(1) Totals may not sum due to rounding.
(2) Includes Budgetary Changes as a result of Clear Line of Sight
(3) Including depreciation & impairments
(4) Resource + capital - depreciation & impairments
(5) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference being depreciation & impairments.
(6) Includes Block Grant Adjustments to reflect the devolution of SDLT, Landfill Tax, Income Tax and Air Passenger Duty under the Scottish Fiscal Framework