# Scotland Office and the Office of the Advocate General

# Main Estimates memorandum (2022-23):

## 1 Overview

### *1.1 Objectives*

The key purpose of the Scotland Office 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 Scotland Office 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 Scotland Office 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
- Resource Annually Managed Expenditure **("Resource AME")** – less predictable day to day spending and expenditure from demand funding: in SO's case, expenditure primarily for provisions

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 cash in relation to the block grant and Scottish Income Tax receipts collected by HMRC.

In addition, Parliament votes a net cash requirement, designed to cover both the cash required to cover the Scotland Office's own spending, and the cash grant to the Scottish Consolidated Fund.

# 2 Spending Detail: Scotland Office and the Office of the Advocate General

## *2.1 Comparison of spending totals sought*

The table below shows how the totals sought for the Scotland Office and the Office of the Advocate General compare with last year:

| Spending Total: amounts sought this year | | Comparison: Supplementary Estimate 2021-22 | | Comparison: Main Estimate 2021-22 | |
|---|---|---|---|---|---|
| Budget Type | Main Estimate 22-23 (£m) | Change (£m) | % change | Change (£m) | % change |
| SO & OAG RDEL | 13.340 | 1.215 | 10% | 2.132 | 19% |
| SO & OAG CDEL | 0.050 | 0.000 | 0% | 0.000 | 0% |

## *2.2 Key drivers of spending changes since last year*

The RDEL budget for 2022-23 was determined in the three-year 2021 Spending Review. The budget increased by £1.2m from the Supplementary Estimates. The net increase is mainly attributable to funding for increases in the running costs of the Office including accommodation, staff pay awards and additional posts to deliver the department's priorities over the SR period, including on engagement and on City and Growth deals.

## *2.3 Spending trends*

The table below shows overall spending trends for the last five financial years and the plans presented at Estimates 2021-22.

| **£m** | **2018-19 Outturn** | **2019-20 Outturn** | **2020-21 Outturn** | **2021-22 Plans** | **2022-23 Plans** |
|---|---|---|---|---|---|
| **Total Resource DEL** | 10.1 | 12.0 | 13.3 | 11.2 | 13.3 |
| o/w admin | 9.7 | 11.6 | 12.9 | 10.7 | 12.7 |
| o/w other costs | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 |

| | | | | | |
|---|---|---|---|---|---|
| **Total Capital DEL** | 0.1 | 0.5 | 0.4 | 0.1 | 0.1 |
| o/w depreciation/impairments* | * | * | * | * | * |
| **Total DEL** | 10.2 | 12.5 | 13.7 | 11.3 | 13.4 |

**less than 1dp*

### *2.4 Administration costs*

Administration costs are set to rise by 19% in 2022-23 compared to last year's Main Estimates figure.

| Spending Total: amounts sought this year | | Comparison: Supplementary Estimate 2021-22 | | Comparison: Main Estimate 2021-22 | |
|---|---|---|---|---|---|
| Budget Type | Main Estimate 22-23 (£m) | Change (£m) | % change | Change (£m) | % change |
| Administration costs | 12.778 | 1.211 | -10% | 2.038 | 19% |

The Office continues to work with the other Territorial Offices to identify synergies and to strengthen our resilience. We continue to fully utilise our existing shared services and are consolidating the bringing together of the finance teams between the Scotland and Wales Offices.

## 3 Payments to Scottish Consolidated Fund (detailed tables available in supplementary workbook)

### *3.1 Comparison of cash grant payable to Scottish Consolidated Fund*

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

| Spending Total: amounts sought this year | | Comparison: Supplementary Estimate 2021-22 | | Comparison: Main Estimate 2021-22(1) | |
|---|---|---|---|---|---|
| Budget Type | Main Estimate 22-23 (£m) | Change (£m) | % change | Change (£m) | % change |

| | | | | | |
|---|---|---|---|---|---|
| Scottish Consolidated Fund: Non-budget expenditure | 26,032.513 | -6,736.491 | -26% | -5,623.407 | -22% |

*[1] The change in the cash grant payable to the Scottish Consolidated Fund compared to Main Estimates 2021-22 just shows the change on top of the contingencies fund advance.*

## 3.2 Key drivers in change of cash provision since last year

The level of UK Government funding for the Scottish Government in 2022-23 was largely determined at Spending Review 2021. The Statement of Funding Policy document sets out how the Barnett formula was applied. On top of the SR21 settlement, the UK Government has provided the Scottish Government with £45m of Barnett consequentials at Spring Statement 2022 and £78m of Barnett consequentials at Main Estimates. The Scottish Government has also chosen to carry forward £296m of UK Government funding from 2021-22.

## 3.3 Trends: Scottish Government funding 2018-19 to 2022-23

| | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
|---|---|---|---|---|---|
| **£m [1]** | **Outturn** | **Outturn** | **Outturn [4]** | **Plans [5]** | **Plans** |
| Scottish Government Resource DEL (pre Block Grant Adjustments) | 28,770.948 | 29,639.450 | 39,955.052 | 40,357.496 | 38,229.767 |
| *Tax Block Grant Adjustment* | *-12,430.033* | *-12,193.079* | *-12,056.609* | *-12,223.335* | *-14,810.557* |
| *Welfare Block Grant Adjustment* | *157.300* | *289.600* | *3,181.625* | *3,309.309* | *3,596.073* |
| **Scottish Government Resource DEL (post Block Grant Adjustment)** | 16,498.215 | 17,735.971 | 31,080.068 | 31,443.470 | 27,015.283 |
| **Scottish Government Capital DEL** | 3,873.585 | 4,260.497 | 5,223.981 | 5,561.996 | 7,192.629 |
| **Scottish Government Resource DEL plus Capital DEL [2]** | **20,371.800** | **21,996.468** | **36,304.049** | **37,005.466** | **34,207.912** |
| *less depreciation & impairments* | *-1,513.584* | *-1,018.614* | *-1,104.148* | *-2,518.289* | *-2,951.055* |
| **Total Scottish Government DEL[3]** | **18,858.216** | **20,977.854** | **35,199.901** | **34,487.177** | **31,256.857** |

[1] Totals may not sum due to rounding
[2] Including depreciation and impairments
[3] Total DEL = Resource + capital – (depreciation & impairments)
[4] As set out in the Written Ministerial Statement of the 24 March 2021, 2020-21 funding has been revised down since Supplementary Estimates 2020-21 to reflect the carry forward of funding from 2020-21 into 2021-22. This funding is included in 2021-22 plans.
[5] As set out in the Written Ministerial Statement of the 28 March 2022, 2021-22 funding has been revised down since Supplementary Estimates 2021-22 to reflect the carry forward of funding from 2021-22 into 2022-23. This funding is included in 2022-23 plans.

### *3.4 Cash grant payable to Scottish Consolidated Fund, Control Tables and Barnett consequentials (tables available in accompanying Excel workbook)*

**3.4 (a) Cash grant payable to the Scottish Consolidated Fund**

The Scotland Office's Estimate allows for the payment of a cash grant to the Scottish Consolidated Fund. This expenditure is shown in Section C of the Scotland Office Estimate under the heading "non-budget spending". 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.

In addition, HMRC collects Scottish Income Tax (£13,820 million in 2022-23) 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 (b) Control Totals for the Scottish Government**

A breakdown of the Scottish Government's control total for 2022-23, including the breakdown by main programme of AME spending, is set out in the accompanying Excel workbook.

**3.4 (c) Funding changes: Barnett consequentials, non-Barnett changes and current control totals compared against SR settlements**

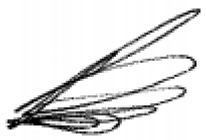
At fiscal events and Spending Reviews, devolved administrations receive additional funding through the Barnett formula to reflect changes in UK Government spending on devolved policy areas. These adjustments are known as Barnett consequentials, and are applied to devolved administrations' funding at Estimates Rounds. In addition, sometimes devolved administrations receive additional funding outside the Barnett arrangements – for example City Deals.

HM Treasury's Block Grant Transparency publication provides a detailed breakdown of all changes applied to the devolved administrations budgets since Spending Review 2015. A summary of changes affecting the Scottish Government's block grant funding in 2022-23 is set out in the accompanying Excel workbook, including changes since the last Block Grant Transparency publication.

## 4. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM
Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental
Accounting Officer.



Laurence Rockey
Accounting Officer
Director for the Scotland Office
May 2022

NOTE: in addition, ANNEX A forms part of this memorandum and the Accounting Officer's approval and is provided as an accompanying document in excel.