

# Scotland Office and Office of the Advocate General

## Supplementary Estimate 2023-24: Estimates memorandum.

### 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 constitutional 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 the 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 the Scotland Office and Office of the Advocate General itself:

- Resource Departmental Expenditure Limit ("**Resource DEL**")- day to day running costs of the Office; and
- Capital Departmental Expenditure Limit ("**Capital DEL**"):- purchase of capital items e.g., IT equipment for the Office.

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 on 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 Scotland Office (SO) 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 compares with last year:

Spending total Amounts sought this year (Supplementary Estimate 2023-24)		Difference (+/-) compared to original budget this year. (Main estimate 2023-24)		Difference (+/-) compared to outturn last year 2022-23)	
		£ m	%	£m	%
SO, & OAG: Resource DEL	£14.223m	+£0.655m	5%	+£1.537m	12%
SO, & OAG: Capital DEL	£0.450m	0	0%	+£0.415m	1186%

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

The RDEL budget for 2023-24 was determined in the three-year 2021 Spending Review.

The main causes of the changes in Scotland Office and the Office of the Advocate General's Resource DEL since the Main Estimates are:

#### Reserve Claim

- **+£0.739m** increase in administration costs for funding for Legal costs relating to the Gender Recognition Reform (GRR) case and Covid 19 inquiries.

#### Budget Transfers

- **-£0.078m** - Budget transfer to HM Treasury (reduction in administration costs) to reflect the removal of the Health and Social Care levy on National Insurance, for which we received funding.
- **-£0.006m** – Budget transfer to the Cabinet Office (reduction in administration costs) to cover special advisers salary costs.

## 2.3 Spending trends

£m	2019-20 Outturn	2020-21 Outturn	2021-22 Outturn	2022-23 Outturn	2023-24 Plans
<b>Total Resource DEL</b>	11.0	13.3	11.5	12.7	14.2
o/w admin	10.7	13.0	11.0	12.4	13.8
o/w other costs	0.3	0.3	0.5	0.3	0.4
<b>Total Capital DEL</b>	0.3	0.4	0.0	0.0	0.5
Less o/w depreciation/impairments*	*	0.1	0.2	0.6	0.6
<b>Total DEL</b>	11.3	13.6	11.3	12.1	14.1

^ includes UK Government Parliamentary election costs  
totals may not sum due to rounding.

## 2.4 Administration costs and efficiency plans

Administration costs have increased by a net 6% since the Main Estimates. The net increase of £0.815m is due to a reserve claim for legal costs and budget transfers out (£0.655m) and budget switch of depreciation from programme costs to administration costs (£0.160m).

Spending total Amounts sought this year (Supplementary Estimates)		Compared to original 2023-24 budget (Main Estimates)		Difference (+/-) compared to to outturn last year 2022-23)	
		£ m	%	£m	%
Administration costs	£13.810m	+£0.815m	6%	+£1.408m	11%

The Office continues to work with the other Territorial Offices to share back-office services and to strengthen our resilience. We continue to fully utilise our existing shared services and are further consolidating the finance teams shared between the Wales and Scotland Offices.

### 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		Comparison: Main Estimate 2023-24		Comparison: Supplementary Estimate 2022-23	
Budget Type	Supplementary Estimates 23-24 (£m)	Change (£m)	% change	Change (£m)	% change
Scottish Consolidated Fund: Non-Budget expenditure	31,132.634	1,272.663	4%	2,047.598	7%

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

The level of UK Government funding for the Scottish Government in 2023-24 was largely determined at Spending Review 2021. The Statement of Funding Policy document sets out how the Barnett formula was applied.

### 3.3 Cash grant payable to Scottish Consolidated Fund

The Scotland Office Estimate allows for the payment of a cash grant to the Scottish Consolidated Fund. This expenditure is shown in Section D of the Scotland Office Estimate under the heading “non-budget expenditure”. All expenditure by the Scottish Government is charged to the Scottish Consolidated Fund. A summary of how the amount of cash payable is derived is shown below.

More detail of how the item “Scottish block grant” is calculated, including Barnett consequentialia since the Spending Review, is given in Excel Annex A, which forms part of this memorandum.

<b>3.3 (a) Cash grant payable to the Scottish consolidated fund 2023-24</b>	
	<b>sub total £ million</b>
Scottish Government block grant (DEL)	35,255.267
UK Government funded AME	5,011.370
Fiscal Framework transactions	17,494.818
Non-Domestic Rates	3,047.000
<b>subtotal (TOTAL MANAGED EXPENDITURE)</b>	<b>60,808.455</b>
<b>add:</b>	
<i>Repayments of principal to National Loans Fund of pre 1999 loans to former Scottish Water Authorities</i>	42.776
<i>Police Loan Charges</i>	3.700
<i>Movement in Creditors / Debtors</i>	300.000
<b>subtotal</b>	<b>346.476</b>
<b>less</b>	
<i>Non-Domestic Rates Income</i>	3,047.000
<i>National Insurance Fund Payments</i>	2,814.523
<b>subtotal</b>	<b>5,861.523</b>
<b>less</b>	
<i>Taxes collected by Scottish Government</i>	871.982
<i>Scottish Income Tax</i>	15,809.955
<i>Reconciliation adjustment for Scottish Income Tax</i>	-417.400
<i>Capital Borrowing</i>	450.000
<i>Resource Borrowing</i>	131.000
<i>Repayment of principal of loans</i>	-216.635
<i>Crown Estate Scotland revenues</i>	460.000
<i>Other Fiscal Framework transactions</i>	79.364
<b>subtotal</b>	<b>17,168.265</b>
<b>less</b>	
Depreciation (Scottish Government Funded AME)	1,385.517
Depreciation (UK Funded AME)	10.634
Impairments (Scottish Government Funded AME)	908.242
Impairments (UK Funded AME)	176.452

IFRS16 working capital adjustment	492.269
Resource to cash adjustments for NHS and Teachers Pensions (UK Funded AME)	3,886.091
Payments relating to release of provisions (AME)	99.238
Other cash to accruals adjustments	34.066
<b>subtotal</b>	<b>6,992.510</b>
<b>CASH GRANT PAYABLE TO SCOTTISH CONSOLIDATED FUND</b>	<b>31,132.634</b>
<b>PAYOVER OF INCOME TAX</b>	<b>15,392.555</b>
<b>TOTAL CASH REQUIREMENT</b>	<b>46,525.188</b>

### 3.3b Control Totals for the Scottish Government including breakdown by main programmes of AME spending

The tables below show the Resource and Capital DEL and AME control totals for the Scottish Government:

<b>1. Scottish Government DEL Control Total</b>		
		<b>£ millions</b>
<b>Total Resource DEL of which:</b>		<b>28,869.787</b>
RDEL excluding depreciation		37,608.692
Block Grant Adjustment (BGA) [1]		-11,261.510
Depreciation and impairments ring fence		1,614.363
student loans ring fence in DEL		908.242
<b>Total Capital DEL of which:</b>		<b>6,385.480</b>
General CDEL		6,088.392
Ring fenced financial transactions		297.088
<b>Total Scottish Government block grant allocation</b>		<b>35,255.267</b>
<b>2. Scottish Government Annually Managed Expenditure funded by the UK Government</b>		
		<b>£ millions</b>
Student Loans (CAME)		910.150
Student Loans (RAME)		-69.480
NHS Pensions (Scotland) - [Net resource requirement] (RAME)		2,481.530
Teachers Pensions (Scotland) - [Net resource requirement] (RAME)		1,279.278
NHS Impairments (RAME)		41.327
IFRS 16 technical reclassification (RAME)		4.586
IFRS 16 technical reclassification (CAME)		9.635
Provisions (RAME)		99.238
Impairments (RAME)		132.775
Pensions (RAME)		105.896
Corporation tax (RAME)		5.801
Depreciation (RAME)		10.634
<b>Subtotal</b>		<b>5,011.370</b>

<b>3. Self-financed Annually Managed Expenditure</b>		
Drawdown from the Scotland Reserve		326.553
Scottish Income Tax		15,809.955
Reconciliation adjustment for Scottish Income Tax		-417.400
Devolved Taxes		871.982
Borrowing		581.000
Repayment of principal of loans		-216.635
Crown Estate Scotland revenues		460.000
Other Fiscal Less Loan Repayments		79.364
<b>Subtotal</b>		<b>17,494.818</b>
<b>TOTAL UKG and SG funded AME (sum of 2 and 3)</b>		<b>22,506.188</b>

[1] Block Grant Adjustment includes the sum of tax and welfare Block Grant Adjustments

## 3.4 Barnett Consequentials

### 3.4a 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 2023-24 is set out in the accompanying Excel workbook (3.4a and 3.4b); this includes changes since the last Block Grant Transparency publication.



### 3.5 Trends: Scottish Government spending 2019-20 to 2023-24

The table below shows trends in Scotland's DEL funding from the UK government over five years.

<b>£m<sup>1</sup></b>	<b>2019-20 Outturn</b>	<b>2020-21 Outturn</b>	<b>2021-22 Outturn</b>	<b>2022-23 Outturn</b>	<b>2023-24 Plans</b>
Scottish Government Resource DEL (pre- Block Grant Adjustments)	29,639.450	39,912.334	37,471.309	38,097.060	40,131.297
Tax Block Grant Adjustment	-12,193.079	-12,056.609	-12,223.335	-14,878.012	-15,696.588
Welfare Block Grant Adjustment	289.600	3,181.625	3,309.309	3,724.866	4,435.078
<b>Scottish Government Resource DEL (post Block Grant Adjustment)</b>	<b>17,735.971</b>	<b>31,037.350</b>	<b>28,557.283</b>	<b>26,943.914</b>	<b>28,869.787</b>
<b>Scottish Government Capital DEL</b>	<b>4,260.497</b>	<b>5,230.499</b>	<b>5,224.299</b>	<b>6,412.370</b>	<b>6,385.480</b>
<b>Scottish Government Resource DEL plus Capital DEL<sup>2</sup></b>	<b>21,996.468</b>	<b>36,267.849</b>	<b>33,781.582</b>	<b>33,356.284</b>	<b>35,255.267</b>
less depreciation & impairments	-1,018.614	-1,060.015	-532.758	-2,087.547	-2,522.605
<b>Total Scottish Government DEL<sup>3</sup></b>	<b>20,977.854</b>	<b>35,207.834</b>	<b>33,248.824</b>	<b>31,268.736</b>	<b>32,732.663</b>

[1] Totals may not sum due to rounding

[2] Including depreciation and impairments

[3] Total DEL = Resource + capital – (depreciation & impairments)

#### 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.

A handwritten signature in black ink, consisting of several overlapping, sweeping strokes that form a stylized, somewhat abstract shape.

Laurence Rockey  
Accounting Officer  
Director of the Office of the Secretary of State Scotland  
28<sup>th</sup> February 2024

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.