Scotland Office and the Office of the Advocate General

Main Estimate 2024-25: 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 the 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 Main Estimate 2024-25		**Difference (+/-) compared to Supplementary Estimates 2023-24**		**Difference (+/-) compared to to Main Estimate 2023-24**	
		£m	**%**	**£m**	**%**
SO, & OAG: Resource DEL	£13.577m	£-0.646m	-4.76%	£0.009m	0.07%
SO, & OAG: Capital DEL	£0.050m	£-0.400m	-800%	£-0.400m	-800%

2.2 Key drivers of spending changes since last year

The RDEL budget for 2024-25 was determined in the three-year 2021 Spending Review.

2.3 Spending trends

£m	2020-21 Outturn	2021-22 Outturn	2022-23 Outturn	2023-24 Outturn	2024-25 Plans
Total Resource DEL	13.3	11.5	12.7	13.7	13.6
o/w admin	13.0	11.0	12.4	13.4	13.2
o/w other costs	0.3	0.5	0.3	0.3	0.4
Total Capital DEL	0.4	0.0	0.0	0.0	0.1
Less o/w depreciation/impairments*	0.1	0.2	0.6	0.6	0.6
Total DEL	13.6	11.3	12.1	13.1	13.1

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

2.4 Administration costs and efficiency plans

Administration costs are set at £13.164m for 2024-25. This budget was determined in the Spending Round 2021.

Spending total Amounts sought this year Main Estimates 2024-25		**Difference (+/-) compared to to 2023-24 Supplementary Estimates**		**Difference (+/-) compared to 2023-24 Main Estimates**	
		£ m	**%**	**£m**	**%**
Administration costs	£13.164m	£-0.646m	-4.91%	£0.169m	1.28%

The admin costs for 2024-25 have decreased by £0.646m from the 2023-24 Supplementary Estimates. The decrease is due to a reserve claim in the Supplementary Estimates for funding for Legal costs relating to the Gender Recognition Reform (GRR) case and Covid 19 inquiries.

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: Supplementary Estimates 2023-24**		**Comparison: Main Estimate 2023-24**	
Budget Type	Main Estimates 24-25 (£m)	Change (£m)	% change	Change (£m)	% change
Scottish Consolidated Fund: Non-Budget expenditure	27,954.959	-3,177.675	-11%	-1,905.012	-6.8%

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 2024-25 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 consequentials since the Spending Review, is given in Excel Annex A, which forms part of this memorandum.

3.3 (a) Cash grant payable to the Scotland Consolidated Fund 2024-25	
	sub total £ million
Scottish Government block grant (DEL)	31,402.262
UK Government funded AME	4,336.117
Fiscal Framework transactions	21,854.496
Non-Domestic Rates	3,068.000
subtotal (TOTAL MANAGED EXPENDITURE)	**60,660.875**
add	
Repayments of principal to National Loans Fund of pre 1999 loans to former Scottish Water Authorities	42.776
Police Loan Charges	3.477
Movement in Creditors / Debtors	700.000
subtotal	**746.253**
less	
Non Domestic Rates Income	3,068.000
National Insurance Fund Payments	2,844.529
subtotal	**5,912.529**
less	
Taxes collected by Scottish Government	788.714
Scottish Income Tax	18,844.082
Reconciliation adjustment for Scottish Income Tax	1,461.100
Capital Borrowing	338.000
Resource Borrowing	457.500
Repayment of principal of loans	-264.900
Crown Estate Scotland revenues	200.000
Other Fiscal Framework transactions	30.000
subtotal	**21,854.496**
less	
Depreciation (Scottish Government Funded AME)	944.830
Depreciation (UK Government Funded AME)	3.491
Impairments (Scottish Government Funded AME)	908.242
Impairments (UK Government Funded AME)	100.000

IFRS16 working capital adjustment	158.411
Resource to cash adjustments for NHS and Teachers Pensions (UK Government Funded AME)	3,438.406
Payments relating to release of provisions (AME)	0.000
Other cash to accruals adjustments	131.764
subtotal	**5,685.144**
CASH GRANT PAYABLE TO SCOTLAND CONSOLIDATED FUND	**27,954.959**
PAYOVER OF INCOME TAX	**20,305.182**
TOTAL CASH REQUIREMENT	**48,260.141**

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:

1. Scottish Government DEL Control Total		
		2024-25 £ millions
Total Resource DEL of which:		**25,772.482**
RDEL excluding depreciation		38,346.309
Block Grant Adjustment (BGA) [1]		-14,676.992
depreciation and impairments ring fence		1,194.923
student loans ring fence in DEL		908.242
Total Capital DEL of which:		**5,629.780**
General CDEL		5,506.582
Ring fenced financial transactions		123.198
Total Scottish Government block grant allocation		**31,402.262**
2. Scottish Government Annually Managed Expenditure funded by the UK Government		
		£ millions
Student Loans (CAME)		865.000
Student Loans (RAME)		-60.893
NHS Pensions (Scotland) - [Net resource requirement] (RAME)		2,186.669
Teachers Pensions (Scotland) - [Net resource requirement] (RAME)		1,235.737
NHS Impairments (RAME)		100.000
IFRS 16 technical reclassification (RAME)		0.789
IFRS 16 technical reclassification (CAME)		2.974
Provisions (RAME)		0.000
Impairments (RAME)		0.000
Pensions (RAME)		2.350
Corporation tax (RAME)		0.000
Depreciation (RAME)		3.491
Subtotal		**4,336.117**

3. Self-financed Annually Managed Expenditure		**£ millions**
Drawdown from the Scotland Reserve		0.000
Scottish Income Tax		18,844.082
Reconciliation adjustment for Scottish Income Tax		1,461.100
Devolved Taxes		788.714
Borrowing		795.500
Repayment of principal of loans		-264.900
Crown Estate Scotland revenues		200.000
Other Fiscal Framework transactions		30.000
Subtotal		**21,854.496**
TOTAL UK Government and Scottish Government funded AME		**26,190.613**

[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 2024-25 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 2024-25

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

£m[1]	2019-20 Outturn	2020-21 Outturn	2021-22 Outturn	2022-23 Plans	2023-24 Plans	2024-25 Plans
Scottish Government Resource DEL (pre- Block Grant Adjustments)	29,639.450	39,912.334	37,471.309	38,097.060	40,131.297	40,449.474
Tax Block Grant Adjustment	*-12,193.079*	*-12,056.609*	*-12,223.335*	*-14,878.012*	*-15,696.588*	*-19,886.433*
Welfare Block Grant Adjustment	*289.600*	*3,181.625*	*3,309.309*	*3,724.866*	*4,435.078*	*5209.440*
Scottish Government Resource DEL (post Block Grant Adjustment)	**17,735.971**	**31,037.350**	**28,557.283**	**26,943.914**	**28,869.787**	**25,772.482**
Scottish Government Capital DEL	**4,260.497**	**5,230.499**	**5,224.299**	**6,412.370**	**6,423.560**	**5629.780**
Scottish Government Resource DEL plus Capital DEL[2]	**21,996.468**	**36,267.849**	**33,781.582**	**33,356.284**	**35,293.347**	**31,402.262**
less depreciation & impairments	*-1,018.614*	*-1,060.015*	*-532.758*	*-2,087.547*	*-2,522.605*	*-2,103.165*
Total Scottish Government DEL[3]	**20,977.854**	**35,207.834**	**33,248.824**	**31,268.736**	**32,770.742**	**29,299.097**

[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.

Laurence Rockey
Accounting Officer
Director of the Scotland Office.

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.