

Scotland Office and the Office of the Advocate General

Main Estimate 2025-26

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 Offices, the costs of the Brand Scotland Programme and Boundary Commission for Scotland
- 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 Scotland and the Office of the Advocate General compares with last year:

Spending total Amounts sought this year (Main Estimates 2025-26) £m		Difference (+/-) Compared to Supplementary Estimates 2024-25		Difference (+/-) compared to Main Estimates 2024-25	
		£m	%	£m	%
SO, & OAG: Resource DEL	£15.859	+1.628m	10.3%	+2.282m	14.4%
SO, & OAG: Capital DEL	£0.500	+0.450m	90%	+0.450m	90%

2.2 Key drivers of spending changes since last year

The DEL budgets for 2025-26 were determined at Phase 1 of the Spending Review 2025.

The RDEL Budget includes Provision of £0.750m for the Brand Scotland programme.; This is a new programme and will provide financial assistance and advice to encourage the growth of Scottish industry under sections 7, 8 and 11 of the Industrial Development Act 1982.

The Capital DEL budget includes cover for a change in valuation of building leases resulting from a technical adjustment to comply with IFRS 16.

2.3 Spending trends

£m	2021-22 Outturn	2022-23 Outturn	2023-24 Outturn	2024-25 Plans	2025-26 Plans
Total Resource DEL	11.5	12.7	13.7	14.2	15.9
o/w admin	11.0	12.4	13.4	13.8	14.7
o/w other costs	0.5	0.3	0.3	0.4	1.2
Total Capital DEL	0.0	0.0	0.0	0.1	0.5
Less o/w depreciation/impairments*	0.2	0.6	0.6	0.6	0.6
Total DEL	11.3	12.1	13.1	13.7	15.8

^ includes UK Government Parliamentary election costs

totals may not sum due to rounding.

2.4 Administration costs and efficiency plans

Spending total Amounts sought this year (Main Estimates 2025-26)		Difference (+/-) Compared to Supplementary Estimates 2024-25		Difference (+/-) Compared to Main Estimates 2024-25	
		£ m	%	£m	%
Administration costs	£14.696m	+£0.878m	5.97%	£1.532m	10.42%

The admin costs for 2025-26 were determined at Phase 1 of the Spending Review 2025 and have increased by £0.878m from the 2024-25 Supplementary Estimates.

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 2024-25			Comparison: Main Estimates 2024-25		
Budget Type	Main Estimate 2025-26 (£m)	Supplementary Estimates 2025-26 (£m)	Change (£m)	% Change	Main Estimates 2024-25 (£m)	Change (£m)	% Change
Scottish Consolidated Fund: Non-budget expenditure	30,556.148	30,452.620	103.528	0.34%	27,954.959	2,601.189	8.51%

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 2025-26 was largely determined at Phase 1 of the Spending Review 2025. 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.

3.3 (a) Cash grant payable to the Scotland Consolidated Fund 2025-26	
	sub total £ million
Scottish Government block grant (DEL)	34,677.036
Forecast Error	0.001
UK Government funded AME	3,816.290
Fiscal Framework transactions	23,537.386
Drawdown from the Scotland Reserve	0.000
Non-Domestic Rates	3,114.000
subtotal (TOTAL MANAGED EXPENDITURE)	65,144.713
add	
<i>Repayments of principal to National Loans Fund of pre 1999 loans to former Scottish Water Authorities</i>	42.800
<i>Police Loan Charges</i>	3.008
<i>Movement in Creditors / Debtors</i>	700.000
subtotal	745.808
less	
<i>Non-Domestic Rates Income</i>	3,114.000
<i>National Insurance Fund Payments</i>	2,973.659
subtotal	6,087.659
less	
<i>Taxes collected by Scottish Government</i>	1,059.000
<i>Scottish Income Tax</i>	20,477.000
<i>Reconciliation adjustment for Scottish Income Tax</i>	1,498.386
<i>Capital Borrowing</i>	472.000
<i>Resource Borrowing</i>	0.000
<i>Repayment of principal of loans</i>	-335.000
<i>Crown Estate Scotland revenues</i>	336.000
<i>Other Fiscal Framework transactions</i>	30.000
subtotal	23,537.386
less	
<i>Depreciation (Scottish Government Funded AME)</i>	1,235.859

<i>Depreciation (UK Government Funded AME)</i>	0.071
<i>Impairments (Scottish Government Funded AME)</i>	530.065
<i>Impairments (UK Government Funded AME)</i>	107.655
<i>IFRS16 working capital adjustment</i>	4.028
<i>Resource to cash adjustments for NHS and Teachers Pensions (UK Government Funded AME)</i>	3,287.459
<i>Payments relating to release of provisions (AME)</i>	0.000
<i>Other cash to accruals adjustments</i>	-82.768
subtotal	5,082.370
BGA forecast	-626.959
CASH GRANT PAYABLE TO SCOTLAND CONSOLIDATED FUND	30,556.148
PAYOVER OF INCOME TAX	21,975.386
TOTAL CASH REQUIREMENT	52,531.534

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		
		2025-26 £ millions
Total Resource DEL of which:		28,121.746
RDEL excluding depreciation		41,731.546
Block Grant Adjustment (BGA)		-15,375.724
depreciation and impairments ringfence		1,235.859
student loans ringfence in DEL		530.065
Total Capital DEL of which:		6,555.290
General CDEL		6,388.256
Ring fenced financial transactions		167.034
Total Scottish Government block grant allocation		34,677.036
2. Scottish Government Annually Managed Expenditure funded by the UK Government		
		£ millions
Student Loans (CAME)		960.000
Student Loans (RAME)		-85.118
NHS Pensions (Scotland) - [Net resource requirement] (RAME)		1,788.150
Teachers Pensions (Scotland) - [Net resource requirement] (RAME)		1,039.154
NHS Impairments (RAME)		107.655
IFRS 16 technical reclassification (RAME)		0.835
IFRS 16 technical reclassification (CAME)		3.193
Provisions (RAME)		0.000

Impairments (RAME)		0.000
Pensions (RAME)		2.350
Corporation tax (RAME)		0.000
Depreciation (RAME)		0.071
Subtotal		3,816.290
3. Self-financed Annually Managed Expenditure		£ millions
Drawdown from the Scotland Reserve		0.000
Scottish Income Tax		20,477.000
Reconciliation adjustment for Scottish Income Tax		1,498.386
Devolved Taxes		1,059.000
Borrowing		472.000
Repayment of principal of loans		-335.000
Crown Estate Scotland revenues		336.000
Other Fiscal Framework transactions		30.000
Subtotal		23,537.386
TOTAL UK Government and Scottish Government funded AME		27,353.676

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 2025-26 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 2020-21 to 2025-26

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

£m ¹	2020-21 Outturn	2021-22 Outturn	2022-23 Outturn	2023-24 Outturn	2024-25 Plans	2025-26 Plans
Scottish Government Resource DEL (pre Block Grant Adjustment)	39,912.334	37,471.309	38,097.060	38,836.793	41,691.367	43,497.470
<i>Block Grant Adjustment</i>	<i>-8,874.984</i>	<i>-8,914.026</i>	<i>-11,153.146</i>	<i>-11,261.510</i>	<i>-14,726.453</i>	<i>-15,375.724</i>
Scottish Government Resource DEL (post Block Grant Adjustment)	31,037.350	28,557.283	26,943.914	27,575.283	26,964.914	28,121.746
Scottish Government Capital DEL	5,230.499	5,224.299	6,412.370	5,952.943	5,920.262	6,555.290
Scottish Government Resource DEL plus Capital DEL ^[2]	36,267.849	33,781.582	33,356.284	35,293.347	32,885.176	34,677.036
<i>less depreciation and impairments</i>	<i>-1,060.015</i>	<i>-532.758</i>	<i>-2,087.547</i>	<i>-1,492.698</i>	<i>-1,765.924</i>	<i>-1,765.924</i>
Total Scottish Government DEL ^[3]	35,207.834	33,248.824	31,268.736	32,035.528	31,119.252	32,911.112

[1] Totals may not sum due to rounding

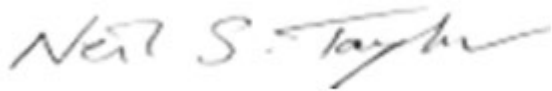
[2] Including depreciation and impairments

[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, reading "Neil S. Taylor". The signature is written in a cursive style with a long, sweeping underline.

Neil Taylor
Interim Accounting Officer
Director and Solicitor to the Advocate General

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.