

# Main Estimates memorandum (2021-22): Office of the Secretary of State for Scotland and the Office of the Advocate General

## 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 Government has set out the huge challenge we are facing as we tackle coronavirus. Like other departments, the Office of the Secretary of State for Scotland has adjusted its priorities to work on measures to tackle this and we are working closely with the devolved administrations.

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 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 OSSS'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 Office of the Secretary of State for Scotland's own spending, and the cash grant to the Scottish Consolidated Fund.

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

### 2.1 Comparison of spending totals sought

The table below shows 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		Comparison: Supplementary Estimate 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change
OSSS & OAG RDEL	11.208	-2.602	-24%	0.553	5%
OSSS & OAG CDEL	0.050	-0.784	-1568%	0.000	0%

*Note: RDEL in 2020-21 includes the additional costs incurred in the departments move to the UK Government Hub in Edinburgh and CDEL in 2020-21 includes the additional costs of the IT transition as a result of the move to the Hub.*

### 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:

- The Main Estimate for 2021-22 includes the funding for VAT of staff salaries which did not form part of the Spending Review Settlement for 2020-21; and
- The Supplementary Estimate provision for 2020-21 is inflated since the provision included additional funding relating to the Departments IT Transition and move to the UK Government Hub in Edinburgh.

### 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.

	2017-18	2018-19	2019-20	2020-21	2021-22
£m	Outturn	Outturn	Outturn	Plans	Plans
<b>Total Resource DEL</b>	23.5	10.1	12.0	13.3	11.2
o/w admin	9.3	9.7	11.6	12.9	10.7

o/w other costs	14.2	0.4	0.4	0.4	0.5
<b>Total Capital DEL</b>	0.0	0.1	0.5	0.4	0.1
o/w depreciation/impairments*	*	*	*	*	*
<b>Total DEL</b>	23.5	10.2	12.5	13.7	11.3

\*less than 1dp

## 2.4 Administration costs

Administration costs are set to rise by 5% in 2021-22 compared to last year's Main Estimates figure.

Spending Total: amounts sought this year		Comparison: Supplementary Estimate 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change
Administration costs	10.740	-2.602	-24%	0.553	5%

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 already share a single parliamentary clerk and security adviser. In order to make best use of public assets the Office of the Secretary of State for Scotland and Office of the Advocate has moved into the recently opened UK Government Hub in Edinburgh to other government bodies and Dover House in London is part of the Whitehall campus.

## 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 2020-21		Comparison: Main Estimate 2020-21	
Budget Type	Main Estimate 21-22 (£m)	Change (£m)	% change	Change (£m)	% change

Scottish Consolidated Fund: Non-budget expenditure	31,655.920	-3167.982	-10%	3250.502	10%
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Changes are detailed in section 3.2

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

Additional funding to the Scottish Consolidated Fund in 2020-21 is a result of:

- The level of UK Government funding for the Scottish Government was determined at Spending Review 2020. The revised Statement of Funding Policy document sets out how the Barnett formula was applied, as exceptions were made for Covid-19 and replacement EU funding.
- On top of their £35.0bn baseline through the Spending Review 2020, Budget 2021 and Main Estimates 2021-22 the UK Government has provided the Scottish Government an additional £5.0bn. £3.5bn of which is from Barnett consequentials from the UK Government's response to Covid-19.
- As set out in the Written Ministerial Statement of 24 March 2021, the Scottish Government have confirmed they are carrying forward £1.2bn of DEL funding from 20-21 into 21-22. This funding is reflected in the Scottish Government's 21-22 budgetary plans.

### 3.3 Trends: Scottish Government funding 2017-18 to 2020-21

	2017-18	2018-19	2019-20	2020-21	2021-22
£m [1]	Outturn	Outturn	Outturn	Plans [4][5]	Plans
Scottish Government Resource DEL (pre Block Grant Adjustments)	27,485.7	28,926.1	29,639.5	41,708.3	38,657.2
<i>Tax Block Grant Adjustment</i>	-12,540.0	-12,431.0	-12,193.1	-12,056.6	-12,124.3
<i>Welfare Block Grant Adjustment</i>	0.0	0.0	289.6	3,181.6	3,306.3
<b>Scottish Government Resource DEL (post Block Grant Adjustment)</b>	<b>14,945.7</b>	<b>16,495.1</b>	<b>17,736.0</b>	<b>32,833.3</b>	<b>29,839.2</b>
<b>Scottish Government Capital DEL</b>	<b>3,625.3</b>	<b>3,871.9</b>	<b>4,260.5</b>	<b>5,448.7</b>	<b>5,696.6</b>
<b>Scottish Government Resource DEL plus Capital DEL [2]</b>	<b>18,571.0</b>	<b>20,366.9</b>	<b>21,996.5</b>	<b>38,282.0</b>	<b>35,535.8</b>
<i>less depreciation &amp; impairments</i>	-769.2	-1,513.2	-1,018.6	-2,498.1	-2,470.5
<b>Total Scottish Government DEL[3]</b>	<b>17,801.8</b>	<b>18,853.7</b>	<b>20,977.9</b>	<b>35,784.0</b>	<b>33,065.3</b>

[1] Totals may not sum due to rounding

[2] Including depreciation and impairments

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

[4] 2020-21 outturn has yet to be finalised.

[5] As set out in the Written Ministerial Statement of the 24 March, 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.

### **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 Office of the Secretary of State for Scotland's Estimate allows for the payment of a cash grant to the Scottish Consolidated Fund. This expenditure is shown in Section C of the Office of the Secretary of State for Scotland 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 (£11,424 million in 2021-22) on behalf of the Scottish Government and this is also paid over to the Scottish Consolidated Fund via the Office of the Secretary of State for Scotland Supply Estimate (subhead D).

#### **3.4 (b) Control Totals for the Scottish Government**

A breakdown of the Scottish Government's control total for 2021-22, 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 2021-22 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 Office Secretary of State for Scotland  
May 2021

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.