



Scotland Office and Office of the Advocate General 2015-16 Supplementary Estimates Memorandum

Introduction

The Scotland Office and Office of the Advocate General Supplementary Estimate for 2015-16 seeks the necessary resources and cash to support the functions of the Scotland Office and Office of the Advocate General. These are continuing functions and no new functions have been added since the 2015-16 Main Estimate.

The main purpose of this Memorandum is to provide the Scottish Affairs Committee with an overview of the Scotland Office and Office of the Advocate General 2015-16 Supplementary Estimate, which is part of the supply procedure. It also gives information on the budgetary changes of the Scottish Government and changes to the cash grant payable to the Scottish Consolidated Fund by the Scotland Office and Office of the Advocate General.

The Supplementary Estimate seeks approval to a net resource requirement of £28,606,309,000 and a net cash requirement of £28,592,293,000 and for 2015-16 the Scotland Office and Office of the Advocate General Departmental Expenditure Limit (DEL), net of depreciation and impairments, will increase from £9,030,000 to £23,443,000.

The Memorandum is split into sections covering:

- (1) Summary of the Scotland Office and Office of the Advocate General plans for 2015-16;
- (2) An overview of the Office's Administration Costs;
- (3) An Overview of DEL and AME totals;
- (4) Details of the grant paid to the Scottish Consolidated Fund;
- (5) Details of Barnett consequentials for 2015-16;
- (6) Control Totals for the Scottish Government including breakdown by main programme of AME spending;
- (7) Reconciliation of the SR 2013 settlement for Scottish Government and current Control Totals; and



(8) Details of the Scottish Block 2011-12 to 2015-16

This memorandum has been agreed with HM Treasury.

Section 1: Summary of Scotland Office and Office of the Advocate General Plans for 2015-16

Spending plans for 2015-16 were set in the 2013 spending round. From the baseline set in the 2013 spending review, the Scotland Office and Office of the Advocate General agreed an overall real terms reduction. There was however no expectation that there would be a referendum in 2014-15 or that the Smith Commission and a further Scotland Bill would have to be financed. Therefore in the light of these altered circumstances, a review of the Scotland Office and Office of the Advocate General provision for 2015-16 was undertaken and concluded that additional resources were needed to manage the Offices' workload in light of wider developments.

The Scotland Office and Office of the Advocate General, together with Wales Office and Northern Ireland Office, are continuing to assess where services can be shared across the three territorial offices. Currently, the three offices share a single parliamentary service. The Scotland Office is also sharing its London and Edinburgh accommodation with other Government bodies to make a more efficient use of Government assets.

Section 2: Overview of the Scotland Office and Office of the Advocate General's Administration Costs

The key purpose of the Scotland Office remains to support the Secretary of State for Scotland in promoting the best interests of Scotland. The Office of the Advocate General continues to provide the Advocate General with high quality legal services to secure the UK Government's objectives in Scotland. This Estimate provides for the administration costs of the Scotland Office and Office of the Advocate General, including the salaries of the Secretary of State and his Minister, the Advocate General, and payments to the Scottish Consolidated Fund.

Section 3: Overview of Scotland Office and Office of the Advocate General DEL totals for 2015-16

Departmental Expenditure Limit (DEL)

The following adjustments have been made to the Control Totals for Scotland Office and Office of the Advocate General since the 2015-16 Main Estimate:

- A reserve claim of £251,000 for VAT liabilities (Resource DEL admin);
- a budget transfer of £12,000 from Ministry of Justice (Resource DEL admin);
- a budget transfer of £25,000 to Scottish Government (Resource DEL admin);



- budget increase in capital DEL of £210,000, offset by a reduction in administration costs of £210,000;
- budget transfer of £85,000 resource DEL from Programme to Resource DEL Administration; and
- budget increase in non-cash items of £5,000, offset by a reduction in administration costs of £5,000.

The Departmental Expenditure Limit current control totals for the Scotland Office and Office of the Advocate General are set out in the table below:

£ million nominal	Main Estimate	Changes	Supp Estimate
Resource DEL (RDEL)	8.980	14.203	23.183
<i>of which:</i>			
<i>RDEL excluding depreciation</i>	<i>8.950</i>	<i>14.198</i>	<i>23.148</i>
<i>depreciation ring-fenced in RDEL</i>	<i>0.030</i>	<i>0.005</i>	<i>0.035</i>
Administration Budget*	8.780	0.028	8.808
<i>of which:</i>			
<i>non-ring-fenced RDEL administration budget</i>	<i>8.750</i>	<i>0.023</i>	<i>8.773</i>
<i>depreciation ring fence administration budget</i>	<i>0.030</i>	<i>0.005</i>	<i>0.035</i>
Capital DEL	0.025	0.210	0.235

Annually Managed Expenditure (AME)

The Scotland Office and Office of the Advocate General has no Annually Managed Expenditure spending.

Section 4: Cash grant payable to the Scottish Consolidated Fund

The Estimate also allows for the payment of a cash grant to the Scottish Consolidated Fund. All expenditure by the Scottish Government is charged to the Scottish Consolidated Fund. This expenditure is shown in Section D of the Scotland Office and Office of the Advocate General Estimate. Since the Main Estimate, provision has increased by £640,152,000. The table below reconciles the spending aggregates of the Scottish Government with the cash grant payable to the Scottish Consolidated Fund.



**RECONCILIATION OF GRANT PAYABLE TO
SCOTTISH CONSOLIDATED FUND 2015-16**

£ million	Main Estimate	Changes	Supp Estimate - Revised Position
Expenditure Classified as DEL	29,636.701	164.210	29,800.911
Expenditure Classified as AME	4,016.318	-36.196	3,980.122
Expenditure financed by Scottish taxes	498.000	10.000	508.000
Expenditure financed by Capital Borrowing	304.000	2.000	306.000
Non Domestic Rates	2,799.500	-11.000	2,788.500
Total Managed Expenditure	37,254.519	129.014	37,383.533
add:			
Repayments of principle of existing (pre 1 April 1999) debt to National Loans Fund	14.000	0.000	14.000
Police Loan Charges	5.404	0.000	5.404
Movement in Creditors / Debtors	100.000	280.000	380.000
	119.404	280.000	399.404
less:			
Non Domestic Rates Income	2,799.500	-86.000	2,713.500
National Insurance Fund Payments towards Scottish National Health Service	1,724.076	87.444	1,811.520
Non Voted (Fines)	11.500	19.500	31.000
	4,535.076	20.944	4,556.020
less: Scotland Act 2012 transactions			
Landfill Tax	117.000	0.000	117.000
SDLT	381.000	10.000	391.000
Repayment of principle of loans under SA 2012	0.000	0.000	0.000
Capital Borrowing	304.000	2.000	306.000
	802.000	12.000	814.000
Cash to accruals adjustments			
Depreciation	727.207	-61.445	665.762
Impairments	304.100	-25.619	278.481
Resource to cash adjustments for NHS and Teachers	3,165.066	-197.795	2,967.271



Pensions

Payments relating to release of provisions	-100.000	-25.000	-125.000
Devolved taxes - time lag in collection of receipts in year 1 only	0.000	-51.500	-51.500
Other cash to accruals adjustments	-2.500	68.660	66.160
Closing balance in Scottish Consolidated Fund	0.000	28.617	28.617

	4,093.873	-264.082	3,829.791
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Grant payable to Scottish Consolidated Fund	27,942.974	640.152	28,583.126
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Section 5: Barnett Consequentials

From time to time, the Treasury will adjust the budgets of UK departments with the devolved administrations receiving Barnett consequentials of these adjustments. The majority of these budgetary adjustments take place at major fiscal events such as the Autumn Statement and Spring Budget. The table below details the Barnett consequentials for the financial year 2015-16 received by the Scottish Government since the announcement of the 2013 spending review in October 2013. Additional Barnett consequentials for 2015-16 announced since the publication of the 2015-16 Main Estimate are shown at the foot of the table.

Barnett Consequentials from Fiscal Events for 2015-16 since 2013 Spending Review

Fiscal Event	UK Government Measure	Resource / Capital	Barnet Consequential (£m)
Autumn Statement 2013	Free School Meals	Resource	63.056
	Business Rates £1000 discount for 2 years	Resource	39.521
	Business Rates cap at 2% for 1 year	Resource	24.428
	Business Rates: Reoccupation Relief (50% for retail)	Resource	0.993
	Relax single property criteria for SBRR	Resource	0.298
	Increasing HE student numbers by 30k in 14/15	Resource	24.329
	FE apprenticeships	Resource	2.979
	FE apprenticeships (STEM)	Resource	3.476
	Right to Buy	Capital	4.171
	Rail fares RPI + 0	Resource	2.979



	Affordable Rent to Buy	Financial Transactions Capital	25.024
	Builders Finance Fund	Financial Transactions Capital	20.456
	Housing: Infrastructure to unlock housing on large sites	Financial Transactions Capital	21.250
	RDEL Reduction	Resource	-50.511
	<i>Sub total</i>		<i>182.448</i>
Budget 2014	Apprenticeship Grants for Employers	Resource	8.441
	Postgrad Apprenticeships	Resource	0.993
	Early Years Pupil Premium	Resource	4.965
	Flooding - Extra maintenance funding	Resource	3.476
	Flooding - Extra capital funding for maintenance	Capital	2.483
	Enterprise Zone Business Rates Discount	Resource	0.099
	Development Benefits	Resource	0.248
	Cathedral Repairs	Capital	0.993
	Cambridge City Deal	Resource	1.986
	Estate Regeneration	Financial Transactions Capital	1.986
	Custom Build	Financial Transactions Capital	0.993
	<i>Sub total</i>		<i>26.662</i>
Autumn Statement 2014	Business Rates: Doubling of SBRR for 2015-16	Resource	41.439
	Business Rates: 2% Cap for 1 year	Resource	10.187
	Business Rates: Additional £500 retail discount	Resource	10.978
	Business Rates: Transitional Relief	Resource	0.989
	Mental health - eating disorders	Resource	2.967
	Mental health - adult community learning	Resource	0.495
	Mental health - dementia	Resource	0.297
	NHS frontline - additional funding	Resource	116.208
	NHS frontline - additional funding	Capital	7.418
	Education: Early intervention pilot	Resource	0.297
	Education: Academies	Resource	0.989
	Education: Careers	Resource	1.978
	Manchester International (Lyric Theatre)	Capital	0.554
	Manchester Museum of Science & Industry	Capital	0.049
	WW1 cultural activities	Resource	0.148
	Football Facilities	Capital	0.791
	Football Facilities	Resource	0.198
	Housing Zones	Financial Transactions Capital	3.956
	Rail fares	Resource	7.714
	Shale - Support for Planning	Resource	0.119
	Shale - Regulators & Public Engagement	Resource	0.109



	Off Grid Gas Fund	Capital	2.473
	Kew Gardens	Resource	0.227
	Coastal Paths	Resource	0.495
	Glasgow School of Art	Resource	5.000
	Glasgow City Deal	Capital	15.000
	<i>Sub total</i>		<i>231.072</i>
Budget 2015	Health North	Resource	0.495
	Advanced Wellbeing Research Centre	Capital	0.495
	Defibrillators	Resource	0.099
	Mental Health: CAMHS - Increase access by 110,000	Resource	4.648
	Mental Health: CAMHS - Childrens' talking therapies	Resource	3.165
	Mental Health: Perinatal mental health services	Resource	1.484
	Mental Health: Non-recurrent funding for CAMHS	Resource	15.428
	Mental Health: Co-location of IAPT in Jobcentres	Resource	0.043
	Mental Health: Early access to online CBT	Resource	0.334
	Mental Health: Veterans - supported accommodation	Resource	0.168
	Universal Infant Free school meals	Resource	0.989
	Universal Infant Free school meals	Capital	0.989
	Tech Nation - entrepreneur hubs	Resource	1.088
	Free wifi in libraries	Resource	0.732
	Tour de Yorkshire - marketing	Resource	0.030
	Yorkshire Festival	Resource	0.049
	Closed Road Circuits	Capital	0.030
	Welcome to Yorkshire - marketing	Resource	0.049
	Turner Prize - Hull	Resource	0.049
	Turner Prize - Hull	Capital	0.099
	Muni Theatre - Colne	Resource	0.006
	Waste Crime	Resource	0.415
	Northstowe	Resource	0.297
	Croydon Growth Zone	Resource	0.138
	London Land Commission	Resource	0.099
	Norway to Newcastle ferry - marketing	Resource	0.030
	Business Rates Discount in EZs	Resource	0.020
	<i>Sub total</i>		<i>31.467</i>
Summer Budget 2015	Adoption Reform	Resource	1.478
	Local Authority Land & Property Deals	Resource	0.591
	Midlands Connect	Resource	0.296
	Transport for the North	Resource	0.985
	DEL costs of Welfare package	Resource	0.000
	Common Technology Services	Resource	0.985
	Enabling Strategy	Resource	1.773
	Commercial Property Model	Resource	0.985
	Grants Efficiency Programmes	Resource	0.197
	Ludlow Museum (funded by LIBOR fines)	Resource	0.005
	<i>Sub total</i>		<i>7.294</i>



Total Barnett Consequentials for 2015-16	478.943
<i>of which:</i>	
<i>Resource</i>	369.735
<i>Capital</i>	35.543
<i>Financial Transactions Capital</i>	73.665

Notes

(1) Totals may not sum due to roundings.

Section 6: 2015-16 Control Totals for the Scottish Government including breakdown by main programme of AME spending

Resource and Capital DEL for Scottish Government

The following adjustments have been made to the Control Totals for Scottish Government since the 2015-16 Main Estimate:

Scottish Government Control Totals

DEL changes since 2015-16 Main Estimate (£million)

Barnett Consequentials: Council Tax Freeze Grant	15.192	Resource DEL (excl depreciation)
Barnett Consequentials: Flood support (Storm Desmond)	3.940	Resource DEL (excl depreciation)
Barnett Consequentials: Flood support (Storm Eva)	14.578	Resource DEL (excl depreciation)
Barnett Consequentials: Summer Budget 2015	7.294	Resource DEL (excl depreciation)
Budget Exchange	13.465	Financial Transactions Capital
Budget Exchange	5.475	RDEL: depreciation
Budget Exchange	88.873	Resource DEL (excl depreciation)
Budget Transfer from DCMS: Urban Broadband	32.486	Capital DEL
Budget Transfer from DECC: Energy Agreement	18.391	Capital DEL
Budget Transfer from DECC: Energy efficiency	2.531	Capital DEL
Budget Transfer from DECC: Summit Funding	1.700	Capital DEL
Budget Transfer from DWP: Fit for Work	1.748	Resource DEL (excl depreciation)
Budget Transfer from DWP: Single Fraud Investigation Service	0.614	Resource DEL (excl depreciation)
Budget Transfer from Food Standard Agency: Food Standards Scotland	3.400	Resource DEL (excl depreciation)
Budget Transfer from Home Office: Migrant Surcharge	1.390	Resource DEL (excl depreciation)
Budget Transfer from Scotland Office: Staff Costs	0.025	Resource DEL (excl depreciation)
Cash Management Rebate	0.200	Resource DEL (excl depreciation)
Coastal Communities Fund	10.350	Resource DEL (excl depreciation)
LIBOR: Scottish Air Ambulance	3.550	Resource DEL (excl depreciation)
Non-cash costs of Higher & Further Education Sector	50.000	RDEL: depreciation



Reduced non-cash requirement	-128.000	RDEL: depreciation
Reduced non-cash requirement	-50.000	Ring-fenced Student Loans
Reserve Claim: Costs of Milne vs GAD	60.000	Resource DEL (excl depreciation)
Reserve claim: Support for Charities	0.008	Resource DEL (excl depreciation)
Reserve Claim: Utilisation of Scottish Cultural Collections	2.000	Capital DEL
Resource to Capital transfer	15.300	Capital DEL
Resource to Capital transfer	-15.300	Resource DEL (excl depreciation)
Shetland Isles	5.000	Capital DEL
Total	164.210	
<i>of which:</i>		
<i>Resource DEL (excl depreciation)</i>	195.862	
<i>RDEL: depreciation</i>	-72.525	
<i>Ring-fenced Student Loans</i>	-50.000	
<i>Capital DEL</i>	77.408	
<i>Financial Transactions Capital</i>	13.465	
	164.210	

£m nominal	Main Estimate	Changes	Supplementary Estimate
Resource DEL (RDEL)	26,564	73	26,637
<i>of which:</i>			
<i>RDEL excluding depreciation</i>	25,532	196	25,728
<i>depreciation ring fence in RDEL</i>	729	-73	657
<i>student loans ring fence in RDEL</i>	302	-50	252
Capital DEL (incl Financial Transactions Capital)	3,073	91	3,164

Annually Managed Expenditure

Changes

NHS Impairments	-40.000
NHS Pensions (Scotland) - [Net resource requirement]	-110.679
Additional non-cash AME Pension Liabilities	39.220
Transfer from FSA UK iro transfer to new Scottish Food Body (FSS) (RAME)	0.350
Additional non-cash AME Depreciation	11.080
Additional non-cash AME Impairments	64.381
Release of Police & Fire provision (Milne vs GAD)	-60.000
Additional non-cash AME Provisions	65.940
Student Loans (non-cash)	21.500
Teachers Pensions (Scotland) - [Net resource requirement]	-65.129
Impact of Guaranteed Minimum Pension (GMP) on NHS and Teachers Pension Schemes	37.141
	-36.196

The Scottish Government are now forecasting Annually Managed Expenditure of £3,980 million in the following areas:-



Totals

Programme	Main Estimate £m	Changes £m	Supplementary Estimate £m
Student Loans	379	22	401
NHS Pensions (Scotland)	2,211	-71	2,140
Teachers Pensions (Scotland)	1,326	-28	1,298
NHS Impairments	100	-40	60
Provisions	0	6	6
Other	0	76	76
TOTAL	4,016	-36	3,980

Section 7: Reconciliation of the SR 2013 settlement for Scottish Government and Control Totals

Changes to Scottish Government Control Totals for 2015-16 since 2013 Spending Review

	RDEL £m	Ring-fenced depreciation £m	Ring-fenced student loans £m	General Capital DEL £m	Financial Transactions Capital £m	Total Capital DEL £m
SR 2013 settlement	25,654.577	729.052	302.255	2,673.410	311.290	2,984.700
Barnett Consequentials: Autumn Statement 2013	111.547	0.000	0.000	4.171	66.730	70.901
Barnett Consequentials: Autumn Statement 2014	195.832	0.000	0.000	11.284	3.956	15.240
Barnett Consequentials: Budget 2014	20.208	0.000	0.000	3.476	2.979	6.455
Barnett Consequentials: Budget 2015	32.855	0.000	0.000	1.612	0.000	1.612
Barnett Consequentials: Council Tax Freeze Grant	15.192	0.000	0.000	0.000	0.000	0.000
Barnett Consequentials: Summer Budget 2015	7.294	0.000	0.000	0.000	0.000	0.000
Barnett Consequentials: Support for Charities	0.008	0.000	0.000	0.000	0.000	0.000



Barnett Consequential: Support to LAs & Farmers - Storm Desmond	3.940	0.000	0.000	0.000	0.000	0.000
Barnett Consequential: Support to LAs & Farmers - Storm Eva	14.578	0.000	0.000	0.000	0.000	0.000
Block Grant Adjustment for SDLT & Landfill Tax	-494.000	0.000	0.000	0.000	0.000	0.000
Budget Exchange	88.873	5.475	0.000	0.000	13.465	13.465
Budget transfer from DECC: Energy Agreement	0.000	0.000	0.000	20.922	0.000	20.922
Budget transfer from DECC: Summit Funding	0.000	0.000	0.000	1.700	0.000	1.700
Budget transfer from DfT: Dundee PSO	1.639	0.000	0.000	0.000	0.000	0.000
Budget transfer from DWP: Council tax	6.460	0.000	0.000	0.000	0.000	0.000
Budget transfer from DWP: Fraud	0.200	0.000	0.000	0.000	0.000	0.000
Budget transfer from DWP: Fraud	0.614	0.000	0.000	0.000	0.000	0.000
Budget transfer from DWP: Welfare	1.748	0.000	0.000	0.000	0.000	0.000
Budget transfer from from DCMS: Broadband	0.000	0.000	0.000	32.486	0.000	32.486
Budget transfer from FSA: Scottish Food Body	3.400	0.000	0.000	0.000	0.000	0.000
Budget transfer from HMRC: reduced costs of tax collection	0.257	0.000	0.000	0.000	0.000	0.000
Budget transfer from HO: Health migrant levy	10.267	0.000	0.000	0.000	0.000	0.000
Budget transfer from HO: Health migrant levy	1.390	0.000	0.000	0.000	0.000	0.000
Budget transfer from HO: Marriage/civil partnership changes	0.085	0.000	0.000	0.000	0.000	0.000
Budget transfer from MOJ: Administrative Justice Tribunal Council	0.021	0.000	0.000	0.000	0.000	0.000



Budget transfer from SO: Staff Costs	0.025	0.000	0.000	0.000	0.000	0.000
Budget transfer to DWP: ILF	-11.900	0.000	0.000	0.000	0.000	0.000
Cash Management Charge/rebate Forth	0.200	0.000	0.000	0.000	0.000	0.000
Replacement Crossing prepayments RDEL	0.000	0.000	0.000	-21.000	0.000	-21.000
adjustment: VAT on Legal Services	-0.562	0.000	0.000	0.000	0.000	0.000
Reserve Claim: Use of LIBOR fines for Air Ambulance	3.550	0.000	0.000	0.000	0.000	0.000
Reserve Claim: Coastal Communities Fund	10.350	0.000	0.000	0.000	0.000	0.000
Reserve Claim: Compensation payments for Milne vs GAD	60.000	0.000	0.000	0.000	0.000	0.000
Reserve Claim: Glasgow City Deal	0.000	0.000	0.000	15.000	0.000	15.000
Reserve Claim: Glasgow School of Art	5.000	0.000	0.000	0.000	0.000	0.000
Reserve Claim: HE/FE Colleges	0.000	50.000	0.000	0.000	0.000	0.000
Reserve Claim: Shetland Isles	0.000	0.000	0.000	5.000	0.000	5.000
Reserve Claim: Utilisation of Culture Collections	0.000	0.000	0.000	2.000	0.000	2.000
Surrender of surplus non-cash provision	0.000	-128.000	-50.000	0.000	0.000	0.000
Switch of provision from Depreciation to Student Loans	0.000	0.155	-0.155	0.000	0.000	0.000
Switch of provision from Resource to Capital	-15.300	0.000	0.000	15.300	0.000	15.300
Current Control Totals	25,728.348	656.682	252.100	2,765.361	398.420	3,163.781



The Scottish Block 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn £'000	outturn £'000	outturn £'000	outturn £'000	plans £'000
Scotland Office Resource(3)					
Scotland Office Administration Costs	6,784	7,151	7,219	7,772	8,808
Scotland Office - other	14,412	281	132	11,317	14,375
Scotland Office Resource(3)	21,196	7,432	7,351	19,089	23,183
Scotland Office Capital					
Scotland Office	0	0	0	53	235
Scotland Office Resource + Capital DEL(3)	21,196	7,432	7,351	19,142	23,418
<i>less depreciation & impairments</i>	<i>-14</i>	<i>-30</i>	<i>-19</i>	<i>-20</i>	<i>-35</i>
Scotland Office DEL (4)	21,182	7,402	7,332	19,122	23,383
Scottish Government					
Scottish Government Resource	25,440,434	25,753,998	26,132,441	26,414,121	26,637,130
Scottish Government Capital	2,731,882	2,938,891	2,879,375	3,138,590	3,163,781
Scottish Government DEL(3)	28,172,316	28,692,889	29,011,816	29,552,711	29,800,911
<i>less depreciation & impairments</i>	<i>-623,149</i>	<i>-782,955</i>	<i>-663,154</i>	<i>-752,952</i>	<i>-908,782</i>
Scottish Government DEL(4)	27,549,167	27,909,934	28,348,662	28,799,759	28,892,129
Total Scottish Block(4) (5) (6)	27,570,349	27,917,336	28,348,662	28,799,759	28,892,380

Notes

(1) Totals may not sum due to roundings.

(2) Includes Budgetary Changes as a result of Clear Line of Sight

(3) Including depreciation & impairments

(4) Resource + capital - depreciation & impairments

(5) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference being depreciation & impairments.

(6) Scotland Office DEL + Scottish Government DEL less depreciation and impairments

Francesca Osowska
Accounting Officer
10 February 2016

