



**Office of the
Secretary of State for Scotland
(Scotland Office)**

**and
Office of the
Advocate General for Scotland**

Annual Report and Accounts 2019/20





Office of the
Secretary of State for Scotland
(Scotland Office)

and

Office of the
Advocate General for Scotland

Annual Report and Accounts 2019-20
(For the year ended 31 March 2020)

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Any enquiries regarding this publication should be sent to us at:
The Office of the Secretary of State for Scotland, 1 Melville Crescent,
Edinburgh, EH3 7HW. Tel: 0131 244 9011

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Chapter 1: The Performance Report

Ministerial Forewords

Foreword by the Secretary of State for Scotland

I am delighted to present the 2019-20 Annual Report and Accounts for the Office of the Secretary of State for Scotland (OSSS). This is the first Annual Report and Accounts produced since I was appointed to this role by the Prime Minister. My predecessor, Rt Hon David Mundell MP, left me with an organisation in fine health. I would like to pay tribute to his many successes as Secretary of State for Scotland over his four years in that post, and nine years in the department. I would also like to pay tribute to the excellent work that Douglas Ross MP, who served as Parliamentary Under Secretary of State for Scotland (PUSofS) until May 2020, delivered and his support to me and the whole of the team at the OSSS.



Reading the report, it is obvious that this Office, like others across Government, was pulled in a number of different directions at the end of last year as Parliament failed to take the important decisions we needed on the UK's exit from the European Union. Our staff responded brilliantly, but I am delighted that the new Government has been able to provide clarity, leadership and direction on this and many other issues, and I know that colleagues have responded extremely positively to deliver our ambitious agenda.

Nowhere is that ambition clearer, or more important, than our key priority to strengthen and sustain the Union. As we embark on a new path, promoting our values as an open, international and confident country, and restoring our political and economic independence, the enduring success of our Union of four Nations defines the United Kingdom and is the key foundation on which we build our successful and optimistic future. I am clear that this Office has a vital role in promoting that objective, including through the UK Government hub (hub) in Edinburgh, the new Queen Elizabeth House (QEH), which will be our home by the time we come to deliver the 2020-21 OSSS and OAG Annual Report and Accounts.

Myself, my ministerial team, Iain Stewart MP, David Duguid MP, and the whole of the OSSS look forward to continuing to deliver for Scotland throughout the important year ahead.

A handwritten signature in black ink, which reads "Alister Jack". The signature is written in a cursive, flowing style.

The Rt Hon. Alister Jack MP
Secretary of State for Scotland

Foreword by the Advocate General for Scotland

It has been my privilege to continue to serve as HM Advocate General for Scotland over the last year. It has also been a year of contrasts with constitutional issues and cases dominating most of the last 12 months, until we found ourselves focused on responding to the terrible spread of COVID-19.



During 2019/20 I continued to support the Government in delivering our exit from the European Union and supported Ministers from the Department for Exiting the European Union as various pieces of legislation made their way through Parliament; participating in numerous debates on the issue as a spokesman for the Government. At official level, my Office has worked closely with the Cabinet Office, the Office of the Secretary of State for Scotland (OSSS) and many other departments to ensure the Scottish aspects of the various pieces of EU Exit legislation are in order.

In my role as the Government's principal adviser on Scots law and the Scottish devolution settlement, I am supported by officials in London and in Edinburgh who provide legal services to UK Government departments, and this has yet again been another busy year for these areas of work. My Office has continued legal work to implement the Scotland Act 2016, and legal advice and support has been provided on all Westminster Bills extending to Scotland so as to ensure they operate smoothly within the framework of Scots law and the devolution settlement.

Two cases in which my Office was deeply involved were: *Cherry v Advocate General for Scotland* and *R (Miller) v The Prime Minister*. The cases were heard together before the UK Supreme Court, for which Sir James Eadie QC and I represented the Government. The cases focussed on whether the advice given by the Prime Minister to Her Majesty that Parliament should be prorogued was lawful.

The Judgment was handed down on 24 September 2019. While the Judgment went against the Government, I am proud my Office played a central role in this vitally important case.

There followed a number of other important cases in relation to exiting the European Union which were also raised in the Scottish courts. Two petitions questioned the Government's compliance with obligations under the European Union (Withdrawal) (No.2) Act (*Dale Vince and others v the Right Honourable Boris Johnson and the Lord Keen of Elie* [2019] CSOH 77 and *Dale Vince and Others v Advocate General* [2019] CSIH 51). These petitions were respectively refused and dismissed.

A further case raised in the Scottish courts queried the relationship between provisions of the Taxation (Cross-Border Trade) Act 2018 and the terms of the Withdrawal Agreement (e.g. whether Northern Ireland would effectively become a separate Customs area or not). Again, the Government arguments were successful in defending its position at the preliminary stage (*Petition of Jolyon Maugham for Suspension and Interdict* [2019] CSOH 80). The case was not proceeded with by the petitioner.

These cases were prepared and argued under extremely shortened timescales, yet the issues were expertly identified and argued, ensuring the petitions were all dealt with appropriately before the Scottish courts.

As ever, my Office continues to undertake a substantial amount of other litigation for Government departments in the Scottish courts and tribunals. In this last year, the work carried out for Home Office and HM Revenue & Customs, represented significant volumes, with more than 300 new immigration cases for the Home Office, and more than 100 new cases for HM Revenue & Customs, with some making their way to the Supreme Court.

We are now in new and demanding territory as the response to COVID-19 remains the Government's priority. My Office has contributed to various pieces of emergency legislation both directly (in relation to legislation passed at Westminster) and indirectly (scrutinising emergency legislation passed in the Scottish Parliament). In relation to the Coronavirus (Scotland) Act 2020 the Attorney General and I ensured that we responded to a request from the Scottish Government to complete our deliberations on the legislative competence of that Bill in 24 hours, rather than the usual 4 weeks. This was a rare request from the Scottish Government and one we were happy to accede to given the importance of the provisions being able to come into force as quickly as possible. This is one of many instances of cooperation between the UK and Scottish Governments, which will no doubt be a hallmark of the weeks and months to come.

Finally, I would like to add a personal thank you to all OAG colleagues for their work and service throughout the last year.

A handwritten signature in black ink, appearing to read 'Ken of Elie'. The signature is written in a cursive, slightly stylized font.

The Rt Hon, Lord Keen of Elie QC
HM Advocate General for Scotland

Foreword by the Director of the Office of the Secretary of State for Scotland

We certainly live in interesting times. Last year, this department responded brilliantly to the challenges around Operation Yellowhammer, the Government's crisis planning efforts around the risk of a No Deal exit from the European Union. But at the time this report is published, the OSSS is devoting almost its entire resources to supporting the fight against the COVID-19 pandemic, an unprecedented global crisis which has profound implications for Scotland and the United Kingdom. I am pleased to say that the UK and Scottish Governments have been working extremely effectively together, both to tackle the public health crisis and also, so far as possible, to enable the economy to have the best chance of recovery once restrictions can be eased.



The OSSS encourages collaborative working, as well as action by both of Scotland's Governments within their respective competences, to the benefit of UK citizens and businesses resident in Scotland in a range of areas. The City Region and Growth Deal programme, delivering local priorities in a partnership between local authorities and both of Scotland's Governments, is a textbook example of the success of this work. In July 2019, the Prime Minister announced £300 million funding for City Region and Growth Deals across the UK, which included the funding to achieve 100% coverage across Scotland. OSSS has been working to deliver this commitment, so that all UK citizens and businesses in Scotland can benefit from this outstanding programme of support, which will deliver 100% coverage and take the UK Government's overall commitment to Scotland to nearly £1.5 billion.

OSSS, working in partnership with others, promotes and highlights the role of the UK Government in Scotland and the support it provides to UK businesses and citizens based in Scotland. The OSSS' Communications Team runs events in support of UK Government departments, often alongside the Scottish Government. It manages the website www.deliveringforscotland.gov.uk and the OSSS's Gov.uk internet page, which provides information about UK Government services and policies in Scotland, and runs the Twitter account [@ukgovscotland](https://twitter.com/ukgovscotland), and runs the Twitter, Facebook and other social media channels under the handle: [@UKGovScotland](https://twitter.com/UKGovScotland).

Both Yellowhammer and COVID-19 prove that the UK and Scottish Governments, working together, can deliver more for businesses and people in Scotland than they can separately. Promoting such cooperation is, of course, the primary purpose of the OSSS and we are determined that the Civil Service will learn the appropriate lessons and develop processes and procedures to further facilitate this cooperation. The hub, the new QEH in Edinburgh will be a tangible sign of this. The UK Government will have an expanded and coordinated presence in Scotland, in order to better serve citizens and businesses here, and to work even more effectively with our colleagues in the Scottish Government. I am very much looking forward to the move.

A handwritten signature in black ink, which reads "Gillian M McGregor". The signature is written in a cursive, flowing style.

Gillian McGregor CBE
Director, the Office of the Secretary of State for Scotland
Accounting Officer, the Secretary of State for Scotland and Office of the Advocate
General for Scotland

Departmental Overview

Part 1: The Office of the Secretary of State for Scotland

The Office of the Secretary of State for Scotland (OSSS) supports the Secretary of State in promoting the best interests of Scotland within a stronger United Kingdom, fully and effectively representing Scottish interests at the heart of the UK Government. It does this by providing direct access to the UK Government for Scotland based UK citizens and UK businesses. This allows UK citizens and businesses based in Scotland to receive information about UK Government policies and services, to understand, access and benefit from UK Government policies and services, and to hold the UK Government accountable. The Office also plays an important constitutional role, as custodians of the devolution settlement in Scotland.

For 2019-20, the OSSS agreed three objectives, set out in the Office's Single Departmental Plan:

Objective 1: Strengthening and Sustaining the Union

Objective 2: Scotland's Voice in Whitehall

Objective 3: Championing the UK Government in Scotland

This report demonstrates how the OSSS has met those three objectives. However, the year 2019-20 was an extraordinary one for all parts of the UK Government, including the OSSS, and so it first addresses that environment.

EU Exit

The United Kingdom left the European Union (EU) on 31 January 2020. For the first ten months of this reporting period, the process of EU Exit dominated the work of the OSSS. There was a change of Prime Minister, followed by a change of Government, a temporary prorogation of Parliament, two extensions to the Article 50 period and a change of Secretary of State for Scotland.

Throughout this time, the OSSS has been directly engaged with the wider UK Government's work to prepare for the UK's departure from the EU as well as preparations for the implementation period and negotiations on the future relationship with the EU.

The Office has also worked closely and productively with Scottish Government colleagues, and the OSSS played an important role in the planning and preparation for a potential "No Deal" Brexit in October 2019 as part of the UK Government's Operation Yellowhammer structures. The OSSS undertook extensive stakeholder engagement – from Campbeltown to Inverness and Fraserburgh, supported by senior UK Government figures including the Cabinet Secretary.

Furthermore, the OSSS organised an unprecedented campaign to inform and support Scottish businesses, EU nationals resident in Scotland, and the wider public about steps they could take to prepare for EU Exit. While the UK Government was able to

agree a comprehensive Withdrawal Agreement with the European Union, partnerships built up by this process and work done will be extremely valuable as we work to take advantage of the opportunities created by forging new relationships with Europe and around the world.

Alongside our EU Exit work, the OSSS also continued its comprehensive programme of preparations to ensure legislative and operational arrangements are in place for a smooth transfer of powers at the end of the Transition Period on 31 December 2020, as well as working with the Scottish Government and UK Government departments on the development of common frameworks. The OSSS also ensured Scottish perspectives and priorities were fully incorporated into the Withdrawal Agreement through extensive engagement with partners across Scotland, a process which will redouble as the UK begins negotiations on a Free Trade Agreement with the EU, as well as similar agreements with other partners around the world.

While EU Exit represented a unique challenge for the OSSS, flexible deployment and management of resources, and prioritisation allowed considerable progress on the other priority objectives set out in the Single Departmental Plan.

Objective 1: Strengthening and Sustaining the Union

The creation of hubs across the UK demonstrates the UK Government's enduring and consistent commitment to strengthening the Union. The hub programme both consolidates the Government estate into a modern Grade A space and also enhances regional career paths through the: 'Beyond Whitehall' and 'Places for Growth' programmes, to move government activity and Civil Service posts beyond London and the south-east. As a visible and tangible sign of the UK Government's enduring commitment to Scotland and the Union, the flagship hub in Scotland will be in Edinburgh. QEH is scheduled to open in 2020, the first hub providing dedicated space for the UK Government Cabinet to meet, with ministerial offices and press facilities. This is the first of a programme of new hubs in Scotland, with a Glasgow Hub following shortly.

QEH is the first hub that co-locates as many as eleven UK Government departments, encouraging cross departmental collaboration. The Edinburgh arm of the OSSS will move to QEH when it opens. This will have special resonance for our collaborative work with the Scottish Government, and other important Scottish stakeholders, who will find a central UK Government presence with easily accessible expertise and knowledge. The OSSS has done much work in the course of this reporting year to prepare for the move and to take advantage of the opportunities of QEH to deliver on the OSSS strategic objectives. The completion of QEH has been delayed due to COVID-19 restrictions impacting on the number of contactors able to work on site. The OSSS continues to work with our Government partners on building completion and the way the space can be used to ensure we can move when conditions allow.

The move of the OSSS and OAG to QEH, was one of two major corporate projects that the OSSS and OAG were overseeing and co-ordinating during 2019-20, and which the Offices continue to manage. To support the move to QEH, the Offices are looking to transition onto the Cabinet Office IT system. Reprioritisation of the Offices' strategic objectives was required due to the impact of COVID-19 and other factors impacting on project delivery, which resulted in these two corporate projects being delayed into 2020-21.



Secretary of State for Scotland Rt Hon Alister Jack MP and Former Parliamentary Under Secretary of State Douglas Ross MP in Dover House

Alongside this work to enhance UK Government presence in Scotland, the OSSS has successfully ensured that Scotland enjoys a high priority in UK Government thinking. A review carried out by Lord Dunlop has made recommendations for how the UK Government can be better structured to carry out its work in Scotland and the other Nations across the UK. A further review has been announced into connectivity across the UK, and the OSSS is working hard to ensure Scotland's connectivity needs, including with cities and ports in Northern England, feature prominently in that review. The OSSS has led work streams across Government so that the UK Government is even better able to serve UK citizens and businesses resident in Scotland.

We remain committed to delivering the Smith Commission Agreement and implementing the Scotland Act 2016 in full. We continue to work closely with the Scottish Government and are making significant progress transferring the powers devolved to the Scottish Parliament. Since the beginning of 2019 the OSSS has taken 7 Scotland Act Orders through Parliament, held 3 Joint Ministerial Working Group for Welfare meetings and supported meetings of the Joint Ministerial Council in its various forms. The OSSS has worked hard to support the devolution of welfare powers under the Act, and to support collaborative working between the Scottish Government and DWP, in the interests of UK citizens living in Scotland.

The success of devolution in delivering government closer to the citizen on issues such as health and education, while retaining the strength and solidarity of the United Kingdom, continues to underpin the Union.

The OSSS also facilitates and encourages that collaborative spirit through its work on the UK Government's legislative programme. We work closely with other UK Government departments to ensure that the devolution settlement is respected and that UK Government policies work for Scotland. The OSSS upholds the Sewel Convention and connects the UK and Scottish Governments in seeking Legislative Consent Motions (LCMs). In the past year alone we have helped secure 10 LCMs for primary legislation intersecting with the devolution settlement for Scotland, including the Coronavirus Act, Direct Payments to Farmers (Legislative Continuity) Act, and Terrorist Offenders (Early Release of Prisoners) Act.

The OSSS has contributed actively to the Intergovernmental Relations Review, encouraging a focus on collaborative working between UK Government departments and the Scottish Government, and practical measures to strengthen intergovernmental relations.

Objective 2: Scotland's Voice in Whitehall

The OSSS uses its voice in Whitehall to promote UK Government policies and activities which generate economic growth, prosperity and employment in Scotland. The Scottish Government also has extensive powers which it can use to support: a successful Scottish economy; the ability to create new benefits such as the Scottish Child Payment which was announced by the Scottish Government in June 2019; or the Job Start Payment which came into force in March 2020. The OSSS encourages collaborative working as well as action by both of Scotland's Governments within their respective competences to the benefit of UK citizens and businesses resident in Scotland. The success of devolution and the strength of the Union is magnified when devolved and reserved powers are used in a coordinated way so that the outcomes are greater than the sum of the parts.



Prime Minister Boris Johnson is presented with a tartan tie by the Ayrshire Fiddle Orchestra at the No. 10 Burns Night, January 2020

The City Region and Growth Deal programme, delivering local priorities in a partnership between local authorities and both of Scotland's Governments, is a great example of the success of this collaboration. In July 2019, the Prime Minister announced £300m funding for City Region and Growth Deals across the UK, which included the funding required to achieve 100% coverage across Scotland.

The OSSS has been working to deliver this commitment, so that all UK citizens and businesses in Scotland can benefit from this outstanding programme of support. In July 2019 the UK Government announced £32.5m funding for the Moray Growth Deal and this was followed in October by an announcement of £25m funding for Argyll and Bute. Looking forward to 2020, the intention is to confirm funding for the Falkirk and Islands Deals which will deliver 100% coverage and take the UK Government's overall commitment to nearly £1.5 billion.

Key to the success of the City Region and Growth Deals programme is continuing engagement from both Governments with local partners through the delivery phase. The OSSS has been delighted to work together with partners to move the programme forward in 2019-20, such as: confirming the establishment of a Food Hub as part of the Aberdeen City Region Deal; completion of the Greenlaw Business Centre and Smart Canal in Glasgow; and to see over four hundred scientists, PhD students, and industry experts now working at the Bayes Centre in Edinburgh applying data science.

To support improvement in monitoring and evaluation across deals, the UK and Scottish Governments have been working with Edinburgh and South-East City Deal Region partners to develop an exemplar Monitoring and Evaluation Framework, which will be available to other deal areas as a good practice guide. We have supported initial exchanges on this key topic through the network of deal partners, enabling other areas to embed monitoring and evaluation into their deal delivery at the outset. Looking forward, this framework will evaluate and assess the economic benefits from the City Region Deals in the long-term, when the projects are delivering.

There are comprehensive governance arrangements in place which are overseen by the Scottish City Region Delivery Board (which is jointly chaired by a senior official in the OSSS along with Scottish Government counterparts, and with HM Treasury and Ministry for Housing Communities and Local Government represented on the UK Government side) and Working Group. Governance is embedded as a core strand of our work, with both the UK and Scottish Governments working with local partners to ensure a governance plan is in place at the outset of the deal. Before funding can flow for an individual project, a full business case must be agreed and signed off by both Governments. In addition, both Governments make use of additional review points as needed for particular projects; such as the 18-month review for the Oil & Gas Technology Centre in Aberdeen. Another key strand of the approach to governance are, 'Annual Conversations' which are held with each set of Deal Partners to review progress. Annual Conversations are preceded by the preparation by the partners of an Annual Report.

In addition to providing financial support for the City Region and Growth Deals programme, the UK Government continues to support Scotland's economy through the Industrial Strategy, with a particular focus on research and innovation investments. This provides public investment to tackle the UK's Grand Challenges; AI & Data, Ageing Society; Clean Growth; and the Future of Mobility. Scottish businesses and universities have been at the forefront of capitalising on this investment and have received funding of over £88m from the Industrial Strategy Challenge Fund.



Former PUSofS for Scotland, Douglas Ross MP and Professor Peter Mathieson at the Bayes Centre, University of Edinburgh, January 2020

As the UK develops and implements its independent international trade policy, taking advantages of opportunities as an outward-looking global trading nation, the OSSS is working alongside DIT to develop the UK's future trade policy and is focused on ensuring all future trade deals reflect the needs of Scotland within the UK. For example, economic analysis of a trade deal with the US shows that Scotland is expected to benefit more than any other part of the UK, along with the Midlands.

The UK Government is working closely with the Devolved Administrations, including the Scottish Government, to deliver an approach that works for the whole of the UK, reflecting the needs and individual strengths of each of the Nations and drawing on their knowledge and expertise. The OSSS ensures that the voice of stakeholders in Scotland and Scottish industry is heard loud and clear; for example we have ensured the concerns of Scottish sectors impacted by the Boeing/Airbus trade dispute between the US and the EU have been heard at the very top of the UK Government. The UK Government has been able to use these concerns to highlight the damage these trade disputes are doing and call for all sides to seek a resolution.

The OSSS is involved in the, 'Devolution and You' programme alongside the UK Government and all the Devolved Administrations. This year, the programme moved beyond increasing knowledge of the devolution settlements and focused on tools and techniques for collaborative working, to the benefit of all of the Devolved Administrations with the aim of delivering better benefits for UK citizens and businesses. We hosted colleagues from Scottish Enterprise for a Learning and Development session in Whitehall with other Government departments, to raise awareness of their role and improve understanding across UK Government departments of Scottish delivery structures.

Objective 3: Championing the UK Government in Scotland

The OSSS, working in partnership with others, promotes and highlights the role of the UK Government in Scotland and the support it provides to UK businesses and citizens based in Scotland. The OSSS Communications Team runs events in support of UK Government departments, often alongside the Scottish Government. It manages the website: www.deliveringforscotland.gov.uk and the OSSS's Gov.uk internet page, which provides information about UK Government services and policies in Scotland, and runs the Twitter account [@ukgovscotland](https://twitter.com/ukgovscotland) and runs the Twitter, Facebook and other social media channels under the handle: [@UKGovScotland](https://twitter.com/UKGovScotland).

The OSSS policy officials routinely meet UK citizens and businesses throughout Scotland to listen to their views and to ensure that UK Government policies and services are best suited to support Scotland. The OSSS worked hard to help bring the COP26 International Climate Change Conference to Glasgow. Now scheduled to take place in 2021, the event will build on the Paris Climate Change Agreement and welcome scores of world leaders to Glasgow to deepen and accelerate global commitments to reducing and phasing out carbon. The UK is already a world leader in carbon reduction, with a target for Net Zero by 2050. Climate Change is an excellent example of collaborative working between the UK Government and the Devolved Administrations which, for example, jointly commissioned the Climate Change Panel to provide the expert advice which underpins policy.

The OSSS also champions UK Government policies which support Scotland's leading cutting edge industries such as: Aerospace and Defence, where the UK Space Agency is supporting Scottish space ports; Oil and Gas, where the industry has committed to Net Zero by 2035; and the Oil and Gas Technology Centre, which is funded through the Aberdeen City Region Deal and is supporting this transition with its Net Zero Solutions Centre; life sciences; and financial services with Barclays building its international



The Secretary of State for Scotland is interviewed by ITV Border at the Stranraer Show, July 2019



Secretary of State for Scotland meets retailers at the Stranraer Show, July 2019

cyber headquarters in Glasgow. These industries provide the high technology, well paid jobs essential for Scotland's prosperity, and UK Government support is key in enabling them to flourish and grow.

The OSSS also provides support to Scotland's traditional industries. As the UK leaves the European Union, there are opportunities for both Scottish farming and fishing outside of the Common Agricultural Policy and Common Fisheries Policy. This Office has continued to work closely with colleagues from other UK Government departments, the Scottish Government and key stakeholders as legislation returning powers to the UK has been introduced and moved through Parliament.

As both of these matters are largely devolved, the OSSS has been closely engaged to ensure that opportunities are grasped, but also to ensure that the UK internal market will continue to function effectively as the UK Government and the Devolved Administrations begin to shape new domestic policies to better suit their farmers and fishermen.

The OSSS worked with the Ministry of Housing Communities and Local Government to facilitate two engagement events in Edinburgh and Inverness to seek views from sixty attendees on the operation of the forthcoming Shared Prosperity Fund.

Part 2: Office of the Advocate General for Scotland

Delivery of Objectives in 2019-20

The Office of the Advocate General (OAG) set the following strategic objectives for 2019-20:

Objective 1. Providing Advice on Policy and Legislation.

- OAG will advise UK Government departments on the implications of their policies for Scotland and work with them to ensure UK legislation works for Scotland and the wider United Kingdom; and
- OAG will review Scottish Parliament legislation in support of the Advocate General's statutory function under section 33 of the Scotland Act and engage with UK Government departments and the Scottish Government to ensure implications of Scottish legislation are understood and competence issues are addressed.

Objective 2. Protecting the UK Government's Interests in the Courts.

- OAG will continue to provide an excellent service in the conduct of litigation in the Scottish courts and tribunals and in the UK Supreme Court for departments such as the Home Office, Department of Work and Pensions and HM Revenue and Customs. We will support the Advocate General in discharging his statutory functions under the Scotland Act.

Objective 3. Strengthening and Sustaining the Union.

- OAG will work to support Scotland's continuing place within the UK, including working to support the delivery of a strengthened Scottish Parliament within the United Kingdom to meet the commitments made in advance of the independence referendum.

Objective 4. Helping to Ensure that Devolution Works.

- OAG will work to ensure that the UK Government operates effectively for Scotland in reserved areas and facilitate cooperation between Scotland's two Governments.

Objective 5. Supporting Ministers.

- OAG will work to ensure that UK Government Ministers achieve their objectives in Scotland, and in particular, support the Advocate General for Scotland and the Secretary of State for Scotland.

The activity which OAG undertook in 2019-20 to meet each of these objectives is summarised below.

Objective 1: Providing Advice on Policy and Legislation

As in previous years, a significant proportion of OAG's work in 2019-20 related to the provision of Scots legal advice on the full range of UK Government activities in Scotland. This involved work across a number of UK Government departments and the provision of legal support on a range of different topics. In order to make that work effectively, OAG has worked hard to build and maintain contacts with departments in the UK Government through the provision of targeted training.

The UK Government's legislative programme was again the subject of significant advice and support from OAG. That work now involves not just the Scots law and devolution implications of Bills which extend to Scotland, but also contributing to the UK Government's analysis of devolution matters for the purposes of the English Votes procedures in the UK Parliament. Support for the OSSS on issues of legislative consent remained a central part of our work.

OAG instructed Parliamentary Counsel to OAG in the drafting of: provisions for Scotland in Bills before the UK Parliament; drafted subordinate legislation on behalf of UK departments; and provided legal advice to UK Government departments on Bills and subordinate legislation. In 2019-20, OAG was involved in instructing or advising on a wide range of UK Bills which have been consulted on in draft or introduced to Parliament, including:

- Agriculture Bill;
- Air Traffic Management and Unmanned Aircraft Bill;
- Birmingham Commonwealth Games Bill;
- Coronavirus Act 2020;
- Direct Payments to Farmers (Legislative Continuity) Act 2020;
- Domestic Abuse Bill;
- Environment Bill;
- European Union (Withdrawal) Act 2019;
- European Union (Withdrawal Agreement) Act 2020;
- Extradition (Provisional Arrest) Bill;
- Fisheries Bill;
- Foreign Nationals (Criminal Offender and Prisoner Removal) Bill;
- Immigration and Social Security (EU Withdrawal) Bill;
- Medicines and Medical Devices Bill;
- Overseas Operations (Service Personnel and Veterans) Bill;
- Pension Schemes Bill;
- Private International Law (Implementation of Agreements) Bill;
- Sentencing (Pre-consolidation Amendments) Bill;
- Telecommunications Infrastructure (Leasehold Property) Bill ;
- Terrorist Offenders (Restriction of Early Release) Act 2020; and
- Trade Bill.

Work on the implementation of the Scotland Act 2016 continued and the Office also continued to work on the legal implications for the Scottish devolution settlement of the decision to leave the European Union, including contributing to the UK Government's position in litigation relating to EU Exit. At the end of the 2019-20 period, OAG was heavily involved in the coordination of UK Government and Scottish Government legislation to put in place measures to deal with the response to the COVID-19 pandemic.

OAG was responsible for advising or leading on Orders under the Scotland Act 1998, including measures to facilitate the devolution of some social security benefits. OAG also contributed to the preparation of a wide range of secondary legislation prepared by UK Government departments.

Objective 2: Protecting the UK Government's Interests in the Courts

In September 2019 the Advocate General appeared personally on behalf of the UK Government in the UK Supreme Court. This was in relation to the appeals of: *Cherry and Others v Advocate General for Scotland* and *R (Miller) v The Prime Minister* which challenged the lawfulness of the advice given by the Prime Minister to the Queen to prorogue Parliament.

In the Court of Session, the Advocate General was represented, in October 2019 and January 2020, in the *Petitions of Dale Vince and Others v the Right Honourable Boris Johnson & the Lord Keen of Elie* and *Dale Vince and Others v Advocate General*, both of which related to the UK Government's compliance with the obligations set out in the European Union (Withdrawal) (No 2) Act 2019. Also in late 2019, the Advocate General was represented in the *Petition of Joylon Maugham for Suspension and Interdict* which challenged the Withdrawal Agreement as regards the Taxation (Cross-border Trade) Act 2018.

A breakdown of the cases in which the Advocate General has either appeared personally or been represented in since devolution can be found at:
<https://www.gov.uk/government/publications/involvement-in-cases>

Although the second half of 2019 was dominated by the Brexit-related cases referred to above, OAG continued to deal with a wide range of litigation in the Scottish courts and UK Supreme Court for various UK Government departments throughout the year.

Immigration litigation on behalf of the Home Secretary continued to be a major area of work. In total 315 new cases were dealt with, comprising 264 petitions for judicial review, 36 statutory applications for leave to appeal and 8 statutory appeals. There were also 6 reclaiming motions (appeals to the Inner House of the Court of Session). One application for permission to appeal to the UK Supreme Court was commenced during this period and was subsequently refused - *Shakar Omar Ali v the Serco Group and Others*. The immigration cases OAG deals with consistently comprise one of the largest areas of work before the Court of Session.

OAG also represented the Secretary of State for Work and Pensions in a number of appeals to the Upper Tribunal and in a statutory appeal to the UK Supreme Court. Those appeals related to a variety of social security benefits and a number of them raised issues relating to EU law.

OAG's dedicated HMRC division continued its work in protecting HMRC's interests in Scotland throughout the year. As well as cases in the First-tier and Upper Tribunals, and the employment tribunal, this year, it handled three hearings in the Inner House of the Court of Session and one in the Sheriff Appeal Court. The year also saw another increase in the work dealt with in Sheriff Courts throughout Scotland, related to both recovery of outstanding tax and National Minimum Wage arrears.

Objective 3: Strengthening and Sustaining the Union

OAG undertook a variety of work in 2019-20 to support Scotland's continuing place within the UK. The most significant was OAG's continued role in providing legal advice to the OSSS and other UK Government departments on the impact of EU Exit on Scots law and the Scottish devolution settlement. It also included the work OAG undertook on legislation and litigation outlined above to help ensure the UK Government takes proper account of the Scottish legal system and Scottish devolution in all of its activity.

Objective 4: Helping to Ensure that Devolution Works

OAG's legislative, advisory and litigation work was critical to meeting this objective in 2019-20. OAG's day to day work advising UK Government departments to help ensure their policies and legislation take proper account of Scots law and the devolution settlement helped ensure that all of the primary Westminster legislation mentioned above operates effectively within the devolution settlement. Additionally, OAG played a leading role, in close conjunction with OSSS, in continuing to advise on any Orders needed under the Scotland Act 1998.

Such Orders are one of the key mechanisms by which the Scotland Act 1998 ensures continuing coherence of the settlement. Work on implementation of the Scotland Act 2016 also continued.

To support the meeting of this objective, OAG maintained efforts to build networks with Whitehall departments and this paid dividends, especially with Bill teams from across Whitehall and OAG's biggest litigation clients, such as HMRC and the Home Office.

This activity included provision of a wide variety of seminars, training on devolution and other engagement with "client" departments throughout the year. OAG also maintained its well-established strong links with the Attorney General's Office, Cabinet Office and OSSS, together with a range of other departments. Throughout 2019-20 the Office continued to engage with the Scottish Government to secure the delivery of common objectives and to resolve areas of disagreement in a proactive way. The close co-operation on the Insolvency Rules project was a particularly good example where OAG and the Scottish Government Legal Directorate were able to deliver on complex and overlapping sets of Rules which will deliver a coherent and tangible improvement to the regulation of insolvency in Scotland. The two sets of Rules came into force on 6 April 2019 bringing this important stream of work to a conclusion.

Along with the OSSS, Wales Office and Cabinet Office Constitution Group, OAG continues to be part of the UK Governance Group (UKGG) established following the 2015 General Election. Whilst this has not changed Ministerial responsibilities, the creation of the UKGG has brigaded at the centre of Government those Offices with responsibility for devolution and wider constitutional matters. OAG has played a central role in the UKGG's efforts to build devolution capacity across Whitehall, leading training and building awareness and understanding of devolution at official level.

Objective 5: Supporting Ministers

The Advocate General works with the Attorney General and the Solicitor General for England and Wales to provide formal advice on the most difficult and sensitive legal

questions facing Government. OAG supports the Advocate General in performing that role. It is a long standing convention followed by successive administrations that the Government does not disclose whether the Law Officers have given advice on any particular matter, or the content of such advice. Accordingly, no details of this significant aspect of OAG's work can be disclosed in this report.

OAG also assisted the Advocate General in relation to Parliamentary and Cabinet Committee business. In 2019-20, the Advocate General was a member of the Parliamentary Business and Legislation Committee which manages the UK Government's legislative programme.

Under section 33 of the Scotland Act 1998, the Advocate General may refer to the Supreme Court the question of whether a Bill of the Scottish Parliament, or any provision of such a Bill, is outside the legislative competence of the Scottish Parliament. OAG advised and supported the Advocate General in relation to this statutory function, which is one of the fundamental checks and balances of devolution.

The Advocate General is also the spokesperson for the Ministry of Justice in the House of Lords. He leads for the Lord Chancellor in some specific areas such as the promotion of LawTech and the Crown Dependencies. Over the last year, the Advocate General has continued his work on LawTech, including a visit to the Royal Bank of Scotland innovation lab in Edinburgh. The Advocate General also continues to lead on the passage of MoJ Government Bills through the House of Lords. These Government Bills include: the Divorce, Dissolution and Separation Bill; Private International Law (Implementation of Agreements) Bill; and the Terrorist Offenders (Restriction of Early Release) Act 2020.

Part 3: Sustainable Development

The data in this report is in accordance with the guidelines laid down by HM Treasury in the Government Financial Reporting Manual 2019-20, which can be accessed at: <https://www.gov.uk/government/publications/government-financial-reporting-manual-2019-20>

The Office of the Secretary of State for Scotland (OSSS) and Office of the Advocate General for Scotland (OAG), do not own and are not the sole occupants of either of their buildings in London or Edinburgh. Dover House in London is leased from the Government Property Agency and is shared with other UK Government bodies, who occupy approximately 45% of the building. Melville Crescent in Edinburgh is also leased and is shared with other UK Government bodies who occupy approximately 25% of the building. OAG is based in Victoria Quay, Edinburgh, which is managed by the Scottish Government.

It is not possible to identify the individual responsibility of each organisation to the overall sustainability of each building. Shared occupations are not accounted for due to the difficulties of extrapolating reliable sustainability data from service charges.

Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require UK Government departments to take action to significantly reduce environmental impact. These commitments can be found at:

<https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020/greening-government-commitments-2016-to-2020>

Carbon Reduction Commitment

The OSSS and OAG has put in place a number of measures necessary to adapt to future climate change:

- We ensure our buildings are fully occupied by letting space to other occupants. The OSSS and the OAG have therefore continued to contribute to the overall reduction in the size of the UK Government estate and the amount of carbon emissions for which the UK Government as a whole is responsible; and
- Where the OSSS draws on services supplied by the Government Property Agency under contract to them, our contribution to Government commitments on environmental impact and sustainability are met within those wider frameworks. The OSSS and OAG are committed to reducing their environmental impact by:
 - Encouraging the use of video conferencing and dial-in facilities rather than travelling to meetings;
 - Using recycled paper and other stationery;
 - Using public transport rather than cars when travelling to meetings; and
 - Ensuring that our printers and photocopiers are all energy efficient models which reduce paper wastage.

Part 4: Returning Officers' Expenses

Foreword

Statutory Background

The Representation of the People Act 1983 provides for the making of regulations to set out the range and scale of fees and expenses, which will apply to elections.

The Charges Order that relates to the relevant election date is applicable; thus, different Orders may apply to different accounts. The Order applied in this Account was:

For the UK Parliamentary Election on 7 May 2017 :

- The Parliamentary Elections (Returning Officers' Charges) Order 2017 (SI 637) which came into force on 3 May 2017.

History of the Account

The account came into effect on 22 August 1991 when responsibility for accounting related to parliamentary elections in the United Kingdom was transferred from HM Treasury to the Home Departments. The transfer was made in order to consolidate responsibility for parliamentary election matters within the areas where electoral policy and legislation were already covered.

UK Parliamentary elections in the United Kingdom are financed from the Consolidated Fund. European elections in Scotland are financed from the grant paid to the Scottish Consolidated Fund. Funds are drawn down as required either to meet expenses already incurred by Returning Officers (e.g. to purchase or maintain election equipment on an ad hoc basis) or, when an election is called, to provide sufficient advances for necessary preparations to be put in hand. Other calls on the account are made by the payment of postal charges to Royal Mail for the free election material permitted under the Representation of the People legislation. Finally, when Returning Officers' Election Accounts have been approved, any outstanding balances are received or disbursed as appropriate.

With effect from the 1 April 2018 the Cabinet Office have taken over responsibility for the administration of the Returning Officers' Election Accounts in Scotland and therefore, in future there will no longer be a reference to election costs in the OSSS accounts.

Main Areas of Payments and Receipts

There were no receipts or payments in 2019-20.

The table below highlights the flow of expenditure from the Consolidated fund in relation to election expenses.

Receipts And Payments Account For The Year Ended 31 March 2020

	2019-20	2018-19
RECEIPTS	£000	£000
<i>Funding</i>		
Funding for the 2017 UK Parliament Election	-	-
<i>Other Receipts</i>		
Bank Interest	-	-
Forfeited Deposits	-	-
Total	-	-
PAYMENTS		
<i>Local Authority Claims</i>		
Funding Advances	-	-
Final Settlements (including accrued costs)	-	269
<i>Other Expenditure</i>		
Royal Mail Costs	-	-
Total	-	269
Excess of payments over receipts before amounts surrendered to the Exchequer	-	269
Plus: Accrued Expenditure	-	-
Less: Amounts Surrendered to the Exchequer in Respect of:		
Forfeited Deposits	-	-
Bank Interest Received	-	-
Unused Funds	-	687
Total	-	956
Statement of Balances as at 31 March 2020	-	-

Part 5: Financial Review for the Office of the Secretary of State for Scotland and the Office of the Advocate General

In 2019-20 within the Parliamentary Supply Estimates (Supplementary Estimate) for the Office of the Secretary of State for Scotland (OSSS) and the Office of the Advocate General (OAG) the spend totalled £31.6 billion. The OSSS and OAG voted provision was £13 million and the payment to the Scottish Consolidated Fund totalled £31.5 billion.

Financial Performance

Parliament votes funds to departments on two occasions during the year by means of a Main Estimate at the start of the year and a single Supplementary Estimate in February. The Scottish Government also borrowed a further £405 million from the National Loan Fund in 2019-20.

Movements in Estimate Provision During 2019-20

At the start of the year the OSSS and OAG were voted £31.1 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased by £478.7 million, primarily due to an increase in the payment to the Scottish Consolidated Fund.

Explanation of Variances between Estimate and Net Resource Outturn

The Statement of Parliamentary Supply demonstrates that overall there was an underspend of 0.01% (£1.658 million) on the Estimate provision of £31.6 billion. The Statement of Parliamentary Supply 1.1: Analysis of net resource outturn by section, and The Statement of Parliamentary Supply 1.2: Analysis of net capital outturn by section provides a breakdown of this position for each subhead in the Estimate. The reasons for variances are set out below.

Office of the Secretary of State for Scotland and the Office of the Advocate General - Resource (Administration Costs)

The OSSS and OAG underspend on its provision is mainly attributable to delays with our two major transition projects, unfilled vacancies and planned efficiencies within the Offices.

There have been delays to the fit out work at the UK Government Hub (hub), Queen Elizabeth House (QEH), throughout the financial year 2019-20. This has resulted in delays to scheduling occupation and also delays to the associated costs allocated to the OSSS and OAG. In addition, completion of the internal work at QEH, including things expected to happen during 2019-20, have been delayed due to COVID-19 restrictions impacting on the number of contactors able to work on site. This has resulted in further delay to the building completion date.

COVID-19 is also impacting on plans for staff moving into the building, which are being revised, with altered occupancy levels and changes to the ways of working, which will have an impact on both the OSSS and OAG.

Transition from Scottish Government IT to Cabinet Office IT has been delayed due to a number of external issues about functionality, and also, in part, due to COVID-19. It is currently not possible to schedule a major IT transition until there is clarity on how this can be delivered within the current constraints.

Spending in Departmental Expenditure Limits	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Office of the Secretary of State for Scotland and Office of the Advocate General	10,724	11,671	947	8.11%

Boundary Commission for Scotland - Resource (Programme Costs)

The Boundary Commission for Scotland's underspend is made up of lower than expected claims for Commissioner fees and underspend in administration costs principally reflecting postponement of their planned IT refresh and lower than expected costs for the refresh of the Commission's website.

Spending in Departmental Expenditure Limits	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Boundary Commission for Scotland	227	300	73	24.3%

Grant payable to the Scottish Consolidated Fund - Resource (Non Budget Costs)

The sum of £0.274 million described as an underspend in the grant payable to the Scottish Consolidated Fund indicates the amount of actual cash that the Scottish Government did not draw down in 2019-20. It is the responsibility of the OSSS to transfer funding from the Consolidated Fund to the Scottish Consolidated Fund on a monthly basis ensuring that the Scottish Government does not draw down funding in advance of need. The OSSS paid across all amounts to the Scottish Consolidated Fund as requested by the Scottish Government. Information on the Scottish Government's actual expenditure in resource terms can be found in the Scottish Government's consolidated accounts and the accounts of its arm length bodies. The OSSS is responsible for ensuring that funds are transferred appropriately and that transfers are recorded correctly in our accounts. It is for the Scottish Parliament to determine how the funds are spent and for the Scottish Government to account for the expenditure.

Scottish Rate of Income Tax - Resource (Non Budget Costs)

The Scottish Rate of Income Tax (SRIT), identification of Scottish taxpayers and administering the tax are all matters for the UK Government and Her Majesty's Revenue and Customs (HMRC). Receipts from SRIT are collected by HMRC and paid to the Scottish Government, equal to the block grant reduction. Receipts from SRIT will be added to the Scottish block grant.

Spending in Departmental Expenditure Limits	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Grant payable to the Scottish Consolidated Fund	19,864,469	19,864,743	274	0.0014%
Scottish Rate of Income Tax	11,684,000	11,684,000	0	0%
Total	31,548,469	31,548,743	274	0.0009%

Office of the Secretary of State for Scotland and the Office of the Advocate General - Capital

The underspend on capital is mainly attributed to the delay of the department's IT Transition programme, due to issues out with our control.

Spending in Departmental Expenditure Limits	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Office of the Secretary of State for Scotland and Office of the Advocate General	343	490	147	30.0%

Office of the Secretary of State for Scotland and the Office of the Advocate General – Annually Managed Expenditure

The OSSS and OAG Annually Managed Expenditure provision relates to a provision for the future move to the hub in Edinburgh. The underspend reflects the lower than anticipated agreement the department negotiated for our release from our current contract.

Spending in Annually Managed Expenditure	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Office of the Secretary of State for Scotland and Office of the Advocate General	682	900	218	24.22%

Statement of Financial Position

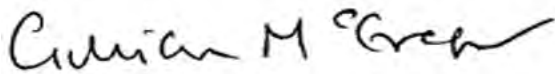
The net assets at 31st March 2020 is £2.422m (2018-19 £2.537m). The significant balances on the Statement of Financial Position are:

- Property, plant and equipment £0.259m. (This principally comprises of equipment, furniture and fittings); and
- Financial assets and liabilities £1,552m. The financial assets and liabilities are loans issued from the National Loans Fund (NLF) to the Scottish Government. In 2019-20, three new loans totalling £405m were issued to the Scottish Government from the NLF under the Scotland Act*. The NLF interest and capital payments are balanced by corresponding amounts in receivables and payables.

* Under Chapter 4 of the Scotland Act 2012 (c11) and Scotland Act 2016 (c11) Part 2 s20 (8) the Scottish Government can borrow up to £3 billion for capital expenditure.

Reconciliation of Resource Expenditure between Estimate, Accounts and Budgets

	Estimate £000	Outturn £000
Net Resource Outturn (Estimates)	31,561,614	31,560,103
Net Operating Cost (Accounts)	31,561,614	31,560,103
Voted expenditure outside the budget	31,548,743	31,548,469
Resource Budget Outturn (Budget)	12,871	11,634



Gillian McGregor

Accounting Officer for the Office of the Secretary of State for Scotland and Office of the Advocate General for Scotland

15 July 2020

Chapter 2: The Accountability Report

Director's Report

Office of the Secretary of State for Scotland and Office of the Advocate General Ministers and Directors

The Ministers and officials of the Office of the Secretary of State for Scotland (OSSS) and Office of the Advocate General (OAG) who were members of the Joint Management Board at various times during 2019-20 are shown below:

- Rt Hon Alister Jack MP Secretary of State for Scotland (since 24 July 2019);
- The Rt Hon David Mundell MP Secretary of State for Scotland (Until 24 July 2019);
- Douglas Ross Parliamentary Under Secretary of State for Scotland (since 16 December 2019) (1);
- Colin Clark Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019);
- Robin Walker Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019);
- Lord Duncan of Springbank, Parliamentary Under Secretary of State for Scotland (until 27 July 2019); and
- The Rt Hon The Lord Keen of Elie QC, Advocate General for Scotland.

(1) Douglas Ross resigned as PUSofS 26 May 2020

The Senior Managers were supported by the Deputy Director for Corporate Services and the Deputy Director for Policy and Governance who attend all meetings of the Scotland Joint Management Board.

Further information about the Offices' non-executive directors is given later in this chapter.

Our Corporate Performance

Underpinning the OSSS and OAG's core objectives is a commitment to continue to run the Office effectively, efficiently and economically, delivering on a number of key internal performance targets.

Performance Targets

In 2019-20, the three main indicators, adopted by both the OSSS and OAG, aimed at ensuring the provision of high quality and efficient services in dealings with the public, were as follows:

Target	Indicator	Performance in 2019-20
We will respond to ministerial correspondence within 15 working days of receipt or we will send an interim reply explaining the reasons for the delay and indicating when a full reply will be sent.	Percentage of correspondence replied to within 15 days.	The OSSS received 902 pieces of correspondence and replied to 718 (79.5%) within the target time, in comparison to 1,077 (79.3%) in 2018-19. OAG received 2 pieces of correspondence which were both replied to within the target time.
We will reply to all Freedom of Information (FOI) requests within 20 working days of receipt or, if an extension is permitted under the FOI Act, and it is necessary to use it, we will reply within 20 working days explaining the reasons for the delay and indicating when a full reply will be sent.	Percentage of correspondence replied to within 20 days.	The OSSS received 253 (213 in 2018-19) FOI requests in 2019-20 all of which were replied to within the 20 day target, either substantively or explaining the reason for an extension. OAG received 53 FOI requests in 2019-20 (36 in 2018-19) and replied to 45 (84.9%) within 20 working days.
We will ensure that accounts are paid promptly. We will pay 80% of accounts within five days of receipt of a valid invoice.	Percentage of payments made within target time.	The OSSS paid 93.5% of invoices within five days. OAG paid 99.4% of invoices within five days.

Parliamentary Questions

The following table shows the total number of ordinary written Parliamentary Questions received by both Offices and the percentage answered within five sitting days in the Commons, and ten sitting days in the Lords; and the total number of named day Parliamentary Questions received and the percentage answered on that named day.

In total, 91 out of 91 (100%) of written Parliamentary Questions tabled to the department were answered on time.

Ministers have also answered oral questions on a number of occasions in both Houses. The OSSS responded to Oral Questions in the House of Commons on 6 occasions during the reporting year 2019-20, on:

- 8 May 2019;
- 19 June 2019;
- 24 July 2019;
- 8 Jan 2020;
- 12 Feb 2020; and
- 25 Mar 2020.

	Ordinary Written Questions		Named Day Questions	
	Total Received	Answered on Time	Total Received	Answered on Time
House of Commons	74	74	16	16
House of Lords	1	1	n/a	n/a
Total	75	75 (100%)	16	16 (100%)

Freedom of Information Act 2000

Under the Act, public authorities are required to respond to written requests for information within 20 working days. Information released and considered to be in the wider public interest is placed on both Offices' websites. Information in former Scottish Office files relating to reserved functions is held by the Scottish Government on behalf of the UK Government and subject to the UK Act in certain circumstances. Information supplied by the UK Government to the Scottish Government in confidence and recorded on Scottish Government files is also subject to the Freedom of Information Act 2000 (not the Freedom of Information (Scotland) Act 2002). The Office has an agreement with the Scottish Government on the handling of requests for such information.

Information Assurance

Reliable and accurate information is crucial to proper decision making in the OSSS and OAG, but if it is not properly safeguarded represents a risk to both government and individual members of the public. Information assurance provides a set of procedures which facilitates the management of risks to the availability, integrity and confidentiality of information. Both Offices comply with government standards on information assurance and assess risk in this area on a regular basis.

Assurance is provided by a report presented to both the Offices' SLT monthly meetings and periodic reports to the Offices' Audit and Risk Assurance Committee (ARAC) and periodic reviews by the Government Internal Audit Agency.

In general, the risk carried by the Offices in this area is very low since neither the OSSS nor OAG handles significant quantities of personal or security information. Specific requirements are placed on OAG when handling personal tax information in the course of litigation for HMRC.

The Offices have followed best practice and comply with central governance data protection requirements and data protection legislation. The Offices fully comply with

the General Data Protection Regulations (GDPR). This work was supported by the Offices' Key Information Managers Working Group (KIMs), represented by staff from across the department in data processing-related roles.

The KIMs continue to support the Offices on the implementation and relevance of the Offices' Records Management Policy and processes, ensuring these reflect best practice and manage effectively the information the department holds and for which it has responsibility.

In the 2019-20 reporting year, the KIMs Working Group had two significant information assurance matters to oversee: the IT Transition Project, the move from Scottish Government IT systems to Cabinet Office IT provision; and delivering secure remote working for the Offices in responding to COVID-19.

The KIMs Working Group met regularly and attended meetings of the OSSS, OAG and Cabinet Office IT Transition Project Team as well as liaising with the Scottish Government. The KIMs assisted on file restructuring and management of information stored by the Offices and embedded how this is treated, stored, and deleted in line with data protection and GDPR requirements and principles. This is in addition to identifying and promoting new ways of working which the new IT system will enable. The KIMs worked with the Scottish Government and the Cabinet Office to manage arrangements for a secure transfer of part of the Offices' data as part of a test trial.

In order to respond to manage the COVID-19 pandemic, the Offices have moved to working remotely in order to conform with the Government's rules on social distancing and to continue to provide business continuity. This has resulted in both Offices operating with the majority of staff working remotely. Full IT provision has been provided to all staff who continue to work off the secure Scottish Government IT network.

In order to ensure that the Offices' continue to fully comply with all central government guidance and requirements concerning working remotely, the Offices are linked into central UK Government networks, such as the Data Protection Officers Network meetings. The DPO Network meetings agree any updates to policy on information management during this time, such as secure online communication methods, and issue communications for all Government departments on risks to information security that are emerging in order to allow for a collective response and consistent treatment.

Whistleblowing

The Whistleblowing Policy is published on the OSSS and OAG intranet websites, with clear guidance on how staff should raise concerns, in confidence, with the OSSS and OAG Nominated Whistleblowing Officers. The guidance also makes clear to staff that they can raise concerns directly with the Chair of the ARAC. There were no whistleblowing instances recorded either in the OSSS or OAG in 2019-20.

Health and Safety

The Offices aim to provide a safe and healthy working environment for all staff and visitors, and have procedures in place to ensure that all equipment, plant and premises are safe and free from adverse effects to health. The Offices have staff trained in health and safety management who undertake workplace inspections and conduct

risk assessments, including display screen equipment assessments. There were no reported adverse health and safety issues during 2019-20.

As a result of both Offices moving to remote working in response to COVID-19, additional checks have been put in place to ensure that staff are working remotely in the safest possible environment with the tools and equipment that they need. Additional questionnaires, asking staff to undertake a self-assessment and to report back on the safety of their remote working environments was undertaken and staff were asked as a result of this assessment to request any reasonable additional office equipment to assist in improving their work stations and environment – this is kept under constant review. The Offices continue to work with central UK Government networks, including the Government Property Agency, to put robust plans in place to be able to respond to any changes to the remote working guidelines to ensure that if, and when, any level of staff presence is required in either the Edinburgh or London offices, that staff can work from these premises safely and working environments are fully aligned with the Government's social distancing policy.

Scottish Government Funding

Responsibility for fiscal and macroeconomic policy across the United Kingdom is reserved, with the Scottish Government's block grant determined within the UK Government's framework of public expenditure control. The financial relationship is set out in the Statement of Funding Policy.

Changes to the Scottish Government's block grant are determined by means of a population based formula, the Barnett formula. All spending by the Scottish Government is charged to the Scottish Consolidated Fund.

The UK Parliament votes the necessary cash provision to the Secretary of State for Scotland, who, in turn, makes payments into the Scottish Consolidated Fund as set out in the Scotland Act 1998. Details of the cash grant paid in 2019-20 (together with data for 2018-19 and 2019-20) can be found in chapter 4. Alongside this grant, the Scottish Government's funding in 2019-20 also includes business rates revenues.

The Scottish Government makes its own spending decisions on devolved programmes within its overall budget totals, subject to approval by the Scottish Parliament.

The total cash paid in 2019-20 was **£31,548,469,000**.

The Scottish Government published details of how it allocated its budget for 2016 to 2019. These are contained in Scotland's Draft Budget 2019-20 and the Budget (Scotland) Act 2015.

Efficient Use of Resources

The bulk of the costs of the OSSS and OAG relate to staffing and associated expenditure linked to advisory and support functions for Ministers and other UK Government departments. Programme expenditure, excluding non-voted election funding and the block grant, is small and relates to the Boundary Commission for Scotland only. We are committed to achieving efficiency and effectiveness in all areas of our activities. Throughout 2019-20 the Offices have sought ways of making more efficient use of resources and reducing costs. These include reducing our travel by making more

of IT solutions, transferring the lease of our London Headquarters to the newly formed Government Property Agency and by making more efficient use of Edinburgh accommodation by sub-letting space in our premises to other UK Government bodies.

Shared Services with Other Government Bodies

The OSSS and OAG receive some corporate services from other larger government bodies. These services are provided to the Offices by the Ministry of Justice, Cabinet Office and the Scottish Government in areas such as payroll and human resources, IT provision and facilities management. The Boundary Commission for Scotland receives almost all its corporate services from the Scottish Government. The Offices are in regular contact with the officials in the Ministry of Justice and the Scottish Government responsible for service provision, to ensure that specific needs are understood and quality of service is maintained. The Ministry of Justice's services are regulated by a portfolio of service level agreements with the Territorial Offices. The OSSS and OAG reimburse the Scottish Government and Cabinet Office for the cost of the services they supply.

For the procurement of goods and services the Offices generally use framework contracts negotiated by the Crown Commercial Service, the Ministry of Justice, Cabinet Office and the Scottish Government. The OSSS also provides services to other government bodies by making space available in its building for office accommodation.

Wherever appropriate the OSSS and OAG work with the Northern Ireland Office and the Office of the Secretary of State for Wales to share expertise and provide cover for one another. Most significantly the Northern Ireland Office; OSSS and OAG; and Office of the Secretary of State for Wales use a shared Parliamentary service which enables them to have a greater resilience in this essential function and to draw upon expertise they could not otherwise build up

Statement of the Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the OSSS and OAG to prepare, for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OSSS and OAG and of its net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular:

- to observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- to make judgements and estimates on a reasonable basis;
- to state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- to prepare the accounts on a going concern basis.

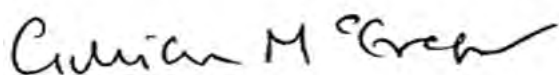
HM Treasury has appointed the Director of the OSSS as Accounting Officer of the OSSS and OAG. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the OSSS and OAG, are set out in *Managing Public Money* published by the HM Treasury.

The OSSS and OAG Accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to departments by HM Treasury under section 5 (2) of the Government Resources and Accounts Act 2000.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Note 3 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2018-19: £nil).

I hereby confirm that so far as I am aware, there is no relevant audit information of which the OSSS and OAG's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the OSSS and OAG's auditors are aware of that information.

I hereby confirm that the annual report and accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.



Gillian McGregor

Accounting Officer, The Office of the Secretary of State for Scotland and Office of the Advocate General for Scotland

15 July 2020

Governance Statement (including commentary on compliance with the Government's Corporate Governance Code and Annual Report of the Audit and Risk Assurance Committee)

Introduction

As the Director of the OSSS, I am the Accounting Officer for both the OSSS and OAG. In accordance with the responsibilities assigned to me in my appointment letter, and as set out in: 'Managing Public Money', I am charged with the governance of the OSSS and OAG. I can be called before the Public Accounts Committee of the House of Commons to account to Parliament for the stewardship of the resources within the Offices' control and for their management.

The governance framework describes the systems and processes by which the OSSS and OAG are directed and controlled, and the means by which they account to Parliament. It covers the processes by which Ministers and senior leaders monitor the achievement of objectives and consider whether the activities of the Offices are delivering appropriate and cost effective outcomes. Risk identification and management form a significant part of the governance framework.

The OSSS is responsible for one Arms-Length Body, the Boundary Commission for Scotland. The Boundary Commission for Scotland has its own governance structure and produces its own annual report. Its funding falls within the ambit of the OSSS and the OAG vote, and as the Accounting Officer, I am responsible to Parliament for its stewardship of public resources. OAG is not responsible for any Arms-Length Bodies.

This Governance Statement covers the whole of the period from 1 April 2019 up until the signing of the Financial Statements. I sought assurance from Ministers, the ARAC, Internal Audit and senior staff in both Offices, and I am confident that I can in turn provide assurance to Parliament and others that robust systems of governance which meet best practice have been in place in the Offices and assurance on the stewardship of public resources for the whole of the year 2019-20.

Corporate Governance Structures and Statement of Compliance with the Corporate Governance Code for Central Government departments

The departmental board model is a key element of the fabric of corporate governance for both the OSSS and OAG. The Joint Management Board (“JMB” or “The Board”) supports the department and Ministers in achieving their aims by encouraging effective planning, managing performance regularly and raising delivery capability. The Board also helps to foster a culture of openness and good governance by providing a clear oversight structure.

The OSSS and OAG JMB complies with the Corporate Governance Code for Central Government departments and the Offices’ governance frameworks supports the delivery of those objectives. The only departure from the Corporate Governance Code is that, unlike other central Government departments, the governance framework does not include a Nominations Committee. The responsibilities of which would include: ensuring that there are satisfactory systems for identifying and developing leadership and high potential; scrutinising the incentive structure; and succession planning for the Board and the senior leadership of the department. These responsibilities are delegated to the OSSS and OAG Joint Management Board, the OSSS and OAG Senior Leadership Teams (SLTs), the Offices’ Accounting Officer and the Lead Non-Executive Director (NED).

The ARAC have considered the Accounting Officer’s Corporate Governance Statement. The ARAC was satisfied that this drew appropriately on the various sources of assurance available to the Accounting Officer, that it described accurately the processes of corporate governance within the Offices and that it properly addressed the relevant issues.

The management of the OSSS and OAG is overseen by the JMB, chaired by the Secretary of State for Scotland. The JMB follows the enhanced departmental board model with membership deriving from both the OSSS and OAG at Ministerial and official level and Non-Executive Directors. Details of the membership and the JMB’s sub-committees, including the ARAC and the OAG sub-committee, can be found later on in this chapter. In line with central Government guidance, the Board is at the apex of the Offices’ corporate governance.

The Board has chosen for its committees to carry out some of its activities. There are four sub-committees that support the work of the Board in this way: the SLTs for both the OSSS and OAG; the ARAC and the OAG sub-committee. The ARAC reviews the comprehensiveness of assurances and integrity of financial statements, and ensures that governance arrangements are sufficiently scrutinised. An annual review of both ARAC and the Board is conducted by the Lead NED, on behalf of the Chair, the SofS for Scotland.

The Board has successfully addressed significant change in the 2019-20 reporting year. Following the change of Prime Minister in July 2019, a new Secretary of State and an additional Junior Minister were appointed taking the total the OSSS Ministerial team up to 3 Ministers. As a result of the General Election in December 2019, the Board’s membership reflected a return to a ministerial team comprised of the Secretary of State and one PUSofS for Scotland. The Board has then had to address further change in its membership with the resignation of the Junior Minister, Douglas Ross MP on 26 May 2020, and the subsequent appointment of two new

Junior Ministers, Iain Stewart MP and David Duguid MP, who is dually appointed to both the OSSS and the Whips Office. Graeme Bissett, a Non-Executive Director and Chair of the ARAC resigned from these roles with effect from the 31 of August 2019. An existing member of the ARAC, Jayne Scott was appointed as interim Chair of the ARAC whilst a recruitment exercise and wider succession planning was undertaken. To ensure continuity and direct reporting to the Offices' JMB, the Lead NED has continued to attend all meetings of the ARAC.

The Board continued to meet and operate effectively throughout the year and continued to build on the recommendations from the Board Effectiveness Evaluation Review Report included in the 2018-19 OSSS and OAG Annual Report. The Offices commissioned an external peer review of the effectiveness of the Board in 2019 as part of the Cabinet Office Governance requirements. The recommendations of the external Board effectiveness evaluation are being built into the Offices' forward Governance Plans for the 2020-21 reporting year.

The external Board effectiveness evaluation included a recommendation to look at the format of Board meetings to see if these could involve a more externally focused element. The findings of the external review found that the governance of the OSSS and OAG during 2019-2020 was robust and inclusive, and the Office coped extremely well with some very difficult challenges.

The visibility of the Non-Executive Board Members has continued to increase across UK Government. Our Lead NED continued as a member of the Lead Non-Executive Network. The network meets on a monthly basis to discuss how to deliver the Government's cross cutting priorities. The Non-Executive Directors attend periodic conferences which bring together NEDs from across the UK Government to discuss how they can provide independent, expert advice, and challenge to support Ministers in delivering their departmental objectives. The Director of the OAG, the Senior Leadership Team (SLT) members and I have frequent engagement with the Non-Executive Board Members both as a group and on a one-to-one basis. The Non-Executive Board Members and the Lead Non-Executive Board Member in particular have also had frequent engagement with their peers from Boards of other UK Government departments, providing me with additional reassurance of the governance arrangements and oversight of the Offices.

The Board receives several reports for discussion at formal meetings of the Board. The Lead NED provides a report to each meeting of the Board detailing the work and activity of the NED team since the last meeting of the Board. This is accompanied by written reports to the Board on: finance; risk management: a strategic risk summary dashboard which highlights all risks to delivery of the OSSS strategic objectives, and their scoring that appear on the OSSS Corporate Risk Register; performance management; and corporate projects. The minutes of the ARAC are also presented to the Board at its meeting with summary of matters discussed at the last meeting of the Committee. This supports and validates the risk management and finance reports submitted to the Board separately and provides the external and independent assessment of the issues by the ARAC, raised in the officials' reports. This is an additional level of assurance provided by ARAC, to the information and data received by the Board as ARAC provides the necessary independent and external advice and challenges on the issues that come before the Committee and which is attended by both internal and external audit. The Directors of both the OSSS and OAG also provide verbal reports to each meeting of the Board outlining the work of the departments since the Board last met.

The Board therefore receives the necessary level of reporting on a range of issues and policy areas, from its sub-committees, with an additional level of assurance being provided by the ARAC, with its representation of internal and external audit and the NED team – as the Lead NED also attended meetings of the ARAC as well as sitting on the Board.

Our NEDs engagement with their network across UK Government departments has provided more opportunities for the OSSS to have influence and engage with departments when dealing with issues affecting Scotland at an earlier stage.

The JMB formally met on 2 separate occasions during the 2019-20 reporting year, and the Non-Executive Board members continued to provide advice on a number of occasions outside of meetings, most notably on: stakeholder engagement; communications; City Region and Growth Deals; the department's approach to EU Exit; the OSSS and OAG Business Plans and performance and risk management.

Non-Executive Directors supported the Joint Management Board in delivery and performance through deep-dive sessions with the Offices' SLTs on issues related to the Business Plan Strategic objectives and through mentoring officials in projects such as the UK Government Edinburgh Hub, QEH; IT Transition; City Region and Growth Deals; Industrial Strategy; and EU Exit. The OSSS held an annual Business Planning Day on the 11 March 2020 to review and plan how the Office should deliver on Ministerial priorities for the upcoming reporting year. The Lead NED, Shonaig Macpherson and another member of the NED team, Joyce Cullen, attended the business planning day to support discussions around how the Office can ensure that it is focused and structured to deliver on the Offices' and Ministerial strategic objectives in the year ahead.

In addition to the formal corporate governance structure, I am in regular contact with the Director of OAG to ensure that I can fulfil my responsibilities as Accounting Officer in respect of this Office. Various means are available to provide me with assurances about the Boundary Commission for Scotland's (BCS) management of public resources. A member of the OSSS staff is in regular contact with the Secretary to the Commission and the OSSS and OAG Lead NED has established a good working relationship with the Deputy Chair of the BCS, Lord Matthews to consolidate that effective dialogue. The Lead NED also provides additional assurance to me in this regard having established an oversight role at Board level on the link between the BCS and OSSS and the effectiveness of their governance arrangements.

Membership and Business of the Joint Management Board

The Board in 2019-20 comprised:

- **Rt Hon David Mundell MP** - Secretary of State for Scotland. Until July 2019;
- **Lord Duncan of Springbank** - Parliamentary Under Secretary of State for Scotland; Until July 2019;
- **Lord Keen of Elie QC** - HM Advocate General for Scotland;
- **Rt Hon Alister Jack MP** – Secretary of State for Scotland. From 24 July 2019 ;
- **Douglas Ross MP** – PUSofS for Scotland. From 16 December 2019 until 26 May 2020;
- **Colin Clark MP** – PUSofS for Scotland. Until December 2019;
- **Robin Walker MP** – PUSofS for Scotland. Until December 2019;
- **Iain Stewart MP** – PUSofS for Scotland. From June 2020;
- **David Duguid MP** – PUSofS for Scotland. From June 2020;
- **Gillian McGregor** - Director of the OSSS and Accounting Officer and member of the OSSS SLT sub-committee;
- **Neil Taylor** - Director of the Office of the Advocate General and member of the OAG sub-committee and OAG SMT sub-committee;
- **Shonaig Macpherson** - Non-Executive Member and Lead NED from 11 March 2019;
- **Graeme Bissett** - Non-Executive Member and Chair of the ARAC. Until 31 August 2019; and
- **Joyce Cullen** - Non-Executive Member and OAG sub-committee member.

The SLT were supported by the Deputy Director for Policy and Deputy Director for Corporate Services who attends all meetings of the Joint Management Board.

Role	Number of Board meetings attended (Total of 2)	Number of ARAC meetings attended (Total of 5)
Chair – SofS Scotland, Rt Hon. David Mundell MP (until July 2019)	1 (out of a possible 1)	N/A
Chair – SofS Scotland, Rt Hon. Alister Jack MP (from 24 July 2019)	1 (out of a possible 1)	N/A
Lord Duncan – PUSofS Scotland (Until July 2019)	0 (out of a possible 1)	N/A
Douglas Ross MP – PUSofS for Scotland (16 December 2019 - 26 May 2020)	1 (out of a possible 1)	N/A
Colin Clark MP – PUSofS for Scotland (Until December 2019)	0 (out of a possible 0)	N/A
Robin Walker MP – PUSofS for Scotland (Until December 2019)	0 (out of a possible 0)	N/A
Lord Keen – Advocate General for Scotland	2 (out of a possible 2)	N/A
Lead NED – Shonaig Macpherson	2 (out of a possible 2)	5 (out of a possible 5)
Graeme Bissett – NED and Chair of the ARAC (Until 31 August 2019)	1 (out of a possible 1)	2 (out of a possible 2)
Joyce Cullen - NED	2 (out of a possible 2)	N/A
Gillian McGregor – Director, the OSSS	2 (out of a possible 2)	5 (out of a possible 5)
Neil Taylor, Director, OAG	2 (out of a possible 2)	5 (out of a possible 5)
Gillian Carty – ARAC member	N/A	5 (out of a possible 5)
Jayne Scott – ARAC member, and ARAC Interim Chair (from 1 September 2020)	N/A	5 (out of a possible 5)

In 2019-20, there were:

- 2 formal JMB meetings;
- 10 monthly meetings of the OSSS SLT;
- 10 monthly meetings of the OAG Senior Management Team;
- 5 meetings of the ARAC; and
- 4 meetings of the OAG sub-committee.

The Joint Management Board and the SLTs of both Offices considered a number of key issues during the year. These included:

- Business Plans and Risk and Performance Management;
- Communications Capability and Stakeholder Engagement;
- UK Government Departmental Devolution Capability;
- Union Strategy;
- People Survey Response and Organisational Cultural Change;
- Corporate Projects such as the Edinburgh hub;
- Series of project deep-dives into project areas, such as Immigration; and
- Impact of EU Exit.

Board Sub-Committees, including the Audit and Risk Assurance Committee

The Joint Management Board has four sub-committees:

- The OSSS SLT;
- OAG Senior Management Team;
- ARAC; and
- OAG sub-committee.

The greater part of the work of the Joint Management Board is delegated to the Offices' two SLTs. The two SLTs are responsible for the monitoring of the performance, resources and expenditure of the respective Offices, and for decision making about management matters specific to each Office. They both meet monthly. They are chaired by the Director of the respective Office and are comprised of their respective senior Civil Servants.

The remit of the ARAC is to advise the Accounting Officer and provide assurance on the way that the Offices are being managed. The ARAC operates in accordance with the Treasury's Audit Committee Handbook and meets at least quarterly, and in the 2019-20 reporting year the ARAC met five times. A separate report by the Interim Chair of the ARAC on the Committee's work in 2019-20 is annexed to this Governance Statement.

During 2019-20 the ARAC had three members: Gillian Carty; Graeme Bissett (Chair of ARAC and NED) until 31 August 2019; and Jayne Scott (Interim Chair of ARAC, from 1 September 2019). From 1 September 2019 the ARAC had two members (Gillian Carty and Jayne Scott) and remained quorate. The Lead NED, Shonaig Macpherson (Offices' Lead NED) also attended meetings of the ARAC in order to provide support and a direct link to the Board as Lead NED, but is not a member of the Committee. There were five meetings of the ARAC during the reporting year.

Ernst & Young LLP, in conjunction with the NAO, attend the ARAC in their role as external auditors. The Government Internal Audit Agency (GIAA) also attends the ARAC and provides internal audit services to the OSSS and OAG. The Directors and senior staff of both Offices responsible for corporate affairs also attend meetings of the Committee.

Risk Management

As the Accounting Officer, I have overall responsibility for the effective management of risk within the OSSS and the OAG. In 2019-20, as part of the GIAA Annual Internal Audit Programme, GIAA conducted a follow-up internal audit into risk management in the OSSS and OAG. This was focused on reporting on the implementation of the recommendations reported in the risk management audit conducted by GIAA in the 2018-19 reporting year. As a result we undertook a review and developed an action plan to enhance overall awareness of risk as a management tool in the OSSS. The action plan addressed consolidation of the OSSS appetite and approach to risk management, mitigation and escalation of risk throughout the organisation as part of our business planning process to ensure identification and management of risks that directly relate and impact on delivery of the Offices' strategic objectives.

As part of this review we have developed a revised Risk Management Framework for the Offices, which was developed in consultation with Internal Audit. This framework satisfies the requirements of the Management of Risk in Government published by the Cabinet Office. The Offices introduced a new methodology for recording and managing risks and implementation of a risk management policy. The framework for managing risk within the Offices is intended to ensure a consistent approach in risk identification and management.

A further action plan was put in place to take forward the recommendations in the follow-up audit conducted by the GIAA. A report on implementation of the action plan was reported to ARAC and the SLT. Their key areas to be enhanced were:

- Leadership;
- Embedding risk management and business planning in the culture and practice of the Offices;
- Re-design of risk policy and processes; and
- Increasing capability.

The ARAC signed off on the completed action plan at its meeting in January 2020. The revised policy and processes are proportionate to the size of the organisations. SLT review the strategic risk register at its monthly meetings, deep-diving into risks relevant at that time with risk reports submitted to the Board. This has built on the discussions and importance of risk within the Offices. Sessions have been held at team level to embed these into the everyday culture and practice of the Offices. The Offices are also considering options for external risk training for staff. Further work will be done in the next reporting year to fully embed the culture of discussion at Board level of setting the risk appetite and tolerance for risk across the Offices.

During the 2019-20 reporting year, the OSSS and OAG identified and mitigated risks related to both the core strategic delivery of the Offices' strategic objectives, including: to strengthen and sustain the Union; promote the UK Government in Scotland; and support Whitehall departments in delivering for Scotland and ensuring Scotland is

taken into account when developing Government policy in reserved areas. This was in addition to managing other significant and competing priorities and risks to their delivery, including: managing the Offices' response to EU Transition and delivering the Offices' two corporate projects – the move to the Edinburgh Hub, QEH and the IT Transition Project. The mitigating actions included: ensuring resourcing levels were met and sustained; that the Offices were linked into cross Government networks and into the UK Governance Group in the Cabinet Office and No.10, as well as the other Territorial Offices to deliver on a cross UK Government policy on the Union; use structures, operational delivery and best practice, from managing response to EU Transition to managing the response to COVID-19; using the UK Government Edinburgh Hub to support the delivery of the Union objective; and promote the work of the UK Government in Scotland. The Offices' supported this work through effective communication campaigns and promoting UK Government messaging on social media channels. The Offices' underpinned all this work with a clear business plan which set out how it would deliver on its objectives and had these strategic objectives at the core of the Offices' business plans in addition to a robust and effective governance framework.

The assurance framework for both offices was also updated during the year and this will be reviewed by ARAC as part of the Committee's annual work plan.

COVID-19

From mid-March 2020, the response to COVID-19 became the highest rated strategic risk on the OSSS and OAG Strategic Risk Registers. As an immediate response to COVID-19, and to work to mitigate this risk, the OSSS and OAG Business Continuity Plans (BCP) were enacted. The BCPs are well-established and tested and were enacted to support and enable the Offices to adapt to its staff and Ministers working remotely from home, in order to comply with the social distancing requirements, and to ensure that the Offices could continue to function and deliver for Ministers and on their strategic objectives. The Offices continued the policy of rolling out IT that enabled remote working capability across the organisations, at all levels, and ensured that at short-notice the Offices had the ability to move from mainly office based operations to working completely remotely, ensuring no break in business delivery, both critical and business as usual. The Offices had to continue to deliver on business as usual work, in addition to re-focusing its business plan and strategic priorities to support Ministers on the COVID-19 response. These were significant challenges, which the Offices responded successfully to in a short period of time. The Offices adjusted quickly to respond to these emerging demands, ensuring that structures were put in place and focused to respond to COVID-19.

The overall Office management structures and governance framework have remained in place. Parts of the structure of the Office have been adapted to ensure that the feedback from Scottish stakeholders is fed into Ministerial Committees making key decisions on the response to COVID-19 and ensuring stakeholders are updated on progress on discussions with Ministers and officials; supporting the continued timely response to Fols and Parliamentary Questions on all policy issues; and ensuring that Scottish issues are at the centre of the UK Government's decision making and response to COVID-19. The Offices' structure and response is constantly reviewed by SLT to ensure mitigating actions have required impact and to ensure the resources are being allocated to the right priorities at the correct time whilst ensuring the well-being of staff. To support this, the Offices are connected into central Government networks

on HR; Security and the Government Property Agency. This ensures the Offices are consistently applying the central UK Government advice to support staff and all operational aspects of running the department whilst responding to COVID-19.

Review of Effectiveness

As Accounting Officer I have a number of sources of assurance, some internal to the Offices and some external. In this statement I have already described the assurance that was provided to me during the year by the regular contact I have had with the Director of the Office of the Advocate General, and with the OSSS Deputy Directors, both through the regular meetings of the OSSS SLT and through the close and routine contact with all of them which is greatly facilitated by the small size of the two Offices.

The most important external source of assurance is provided by the Non-Executive Directors and the ARAC. The Interim Chair of the ARAC's report on its work in 2019-20 is in Annex B to this Chapter.

Internal Audit services are provided to the OSSS and the OAG by the GIAA. Our auditors in the GIAA and in the NAO also provide audit services to the Northern Ireland Office and the Wales Office and their analysis is therefore informed by their knowledge of our closest comparators in Government.

During 2019-20 Internal Audit reports were produced on the following subjects and made available to the ARAC:

- EU Exit;
- Follow-up internal audit review into Risk Management;
- IT Transition Project; and
- City Region and Growth Deals.

Internal Audit uses a four levels system for rating levels of assurance provided by its audits. Overall our Internal Auditors identified a good level of control and found no significant control issues. They were able to give a moderate level of assurance – the second highest level. This means that the Offices' overall risk, control and governance framework is adequate to enable the achievement of objectives and that the key risks are being effectively managed.

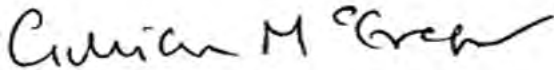
External audit is provided by the NAO on behalf of the Comptroller and Auditor General. This is the second reporting year in which NAO have contracted out auditing services to Ernst & Young LLP. The objective is to ensure continuity of approach to the audits – with the NAO retaining oversight of auditing practice and the final audit report. The Comptroller and Auditor General's certificate and report on these accounts is at page 64. I am very grateful to his staff for the advice they have given to the Offices and to the ARAC throughout the year. In addition to these departmental accounts the NAO also audited the National Loan Fund accounts 2019-20.

Propriety and Assurance

In the OSSS, OAG, and the Boundary Commission for Scotland, during 2019-20, there were no known:

- Significant lapses of physical security;
- Lapses of personnel security;
- Instances of unrecorded spending or income;
- Breaches of delegations on spending;
- Breaches of propriety or regularity with regard to spending or the receipt of income;
- and
- Unauthorised use or disposal of assets.

For the period of 2019-20 I can report, in the light of the assurances I have received, that there were no significant weaknesses in the systems of internal controls operated by the Offices or the Boundary Commission which affected the achievement of their policies, aims and objectives.



Gillian McGregor

Director of the Office of the Secretary of State for Scotland and Accounting Officer

15 July 2020

Annex A: The Office of the Secretary of State for Scotland and Office of the Advocate General Lead Non-Executive Board Member's Report

Composition

The appointment of a new Prime Minister, The Rt Hon Boris Johnson MP and the General Election in December 2019, saw changes in the OSSS ministerial team and this was reflected in the membership of the OSSS and OAG Joint Management Board.

During 2019-20 the ARAC had three members: Gillian Carty; Graeme Bissett (Chair of ARAC) and NED until 31 August 2019; and Jayne Scott (Interim Chair of ARAC, from 1 September 2019). From 1 September 2019 the ARAC had two members (Gillian Carty and Jayne Scott) and remained quorate. The Lead NED, Shonaig Macpherson also attended meetings of the ARAC in order to provide support and a direct link to the Board as Lead NED, but is not a member of the Committee. There were five meetings of the ARAC during the reporting year and two meetings of the Offices' Joint Management Board.

A recruitment exercise is underway to recruit NEDs as part of the Offices' NED staggered succession plan, one of whom will be appointed to Chair the OSSS and OAG ARAC. To support the staggered Offices' NED succession plan, the tenure of Joyce Cullen, one of the NEDs has been extended by a further 12 months.

Quality

A third-party evaluation of the JMB was conducted by a former Territorial Office NED. This external review into the effectiveness of the JMB confirmed that the Offices' governance was robust and inclusive. The Board Effectiveness Evaluation Report contained several recommendations including one on joint meetings at Director and Lead NED level, with the other Territorial Offices which will now be progressed.

The logistics of meetings and communications were well managed with effective support from the Board Secretariat. The Secretary of State as Chair encouraged contribution and challenge from all Board Members and from individuals invited to present papers to the Board.

A light touch review of the ARAC was undertaken during the year which found satisfactory performance in relation to risk management, support to the Accounting Officer, Financial Reporting and Effectiveness. This review also identified the potential benefit of working with the Territorial Offices' Committees and the need to maintain proportionality in respect of processes.

Departmental Involvement of Non-Executive Directors (NEDs)

The major focus in the current year for NEDs continued to be supporting officials in relation to EU Exit planning, including contributing to Cabinet Office initiatives in relation to such preparations, considering resources planning within the Offices to address planning and support other UK Government departments and to its major corporate project of re-location to a new hub in Edinburgh, the QEH which will result in the OSSS and OAG being co-located.

NEDs have continued to support each Office outside formal Board meetings to encourage continued focus on priorities other than EU Exit, including: implementation of transfer of powers under the Scotland Acts; the formation and monitoring of City and Regional Growth Deals; and the implementation of the Industrial Strategy. A Non-Executive Member of the ARAC is a member of the Project Board for the hub in Edinburgh, bringing expertise on project management in relation to both change management and IT transformation.

Further advice has been given in relation to the opportunities that will arise from the co-location of eleven UK Government departments to the hub, QEH, in Edinburgh.

The OAG sub-committee of the Board continued to operate and consider issues specific to OAG including talent development and adoption of new ways of working in preparation for the re-location to the hub, QEH, in Edinburgh and the adoption of new technology systems.

NEDs were involved in the Inter-Agency Collaboration Review and continued to attend UK Government NED Network events. The Lead NED has met individually with several NEDs from other UK Government departments throughout the year to promote specific Office priorities across wider UK Government.

NEDs have continued to participate in All Staff Away Days and meetings of the Scottish Business Task Force and the UK Government in Scotland Senior Panel. Mentoring of individuals across both Offices continues.

Conclusion and Evaluation of Board Effectiveness Recommendations

The JMB continues to be an effective forum and decision-making body. The OSSS and OAG have ensured that the NEDs have remained engaged in the work of each Office and have been able to contribute their expertise and experience. To support the work of the JMB, meetings with Non-Executive Directors and the SLT have been scheduled in advance of each JMB to prepare for JMB meetings and to ensure that the focus of JMB meetings is retained.

Shonaig Macpherson CBE

Lead Non-Executive Member

The Office of the Secretary of State for Scotland and Office of the Advocate General for Scotland

Annex B: Annual Report of the Audit and Risk Assurance Committee

The Office of the Secretary of State for Scotland and Office of the Advocate General, Audit and Risk Assurance Committee

Report for the year 2019-20 from the Interim Chair of the Committee

Background

This annual report of the ARAC covers the business transacted at Committee meetings during the period covering the 2019-20 annual accounting cycle. The report is produced to support Gillian McGregor, in her role as Accounting Officer for the OSSS and OAG, to have confidence that the Offices have effective corporate governance, risk management and financial management policies and procedures in place. The report also supports the completion of the annual governance statement.

The drafting of this report has considered the guidance given for ARACs by HM Treasury and the NAO. Most of the assurance relied upon by the Accounting Officer is obtained directly from the senior staff within the Offices, but with important support from the ARAC as well as internal and external audit.

This report provides a brief summary of the main activities of the Committee and the main issues it has addressed.

Membership, Attendance and Reporting

Graeme Bissett, the previous Chair of the Committee, resigned on the 31 August 2019, and from the 1 September 2019 the Committee has been chaired, on an interim basis, by Jayne Scott, a member of the ARAC. The other member of the Committee is Gillian Carty. The Committee has remained quorate throughout the year, all members attended each meeting of the Committee and continue to be paid a daily rate for their duties. Shonaig Macpherson, Lead Non-Executive Director routinely attends the Committee meetings to provide support and a direct link to the Offices' Joint Management Board. Also routinely in attendance at each meeting are the Accounting Officer, Director of the Office of the Advocate General, the OSSS Head of Finance and other senior members of the Offices. At all times during the year, the Committee considers it has had the appropriate balance of skills and experience to undertake its role with at least one member with recent and relevant financial experience.

The Committee routinely reports its work to the Joint Management Board through updates provided by the Lead Non-Executive Director and Accounting Officer, in addition to a formal written report presented to each meeting of the Board on work undertaken by the Committee since the Board last met.

Main Issues

ARAC met five times during 2019-20 to carry out its main business. The Committee's Terms of Reference were reviewed by the Committee during the year and approved by the Accounting Officer.

The Committee's meeting agendas routinely included the following items:

- A review of the Offices' financial performance
- The Head of Internal Audit's update report, including reports of completed reviews
- Updates on external audit issues
- Risk reports and key risks reported on for each Office
- Reviews of key risks including EU Exit and the move to the hub
- Updates as required on regularity and propriety issues

The Committee is satisfied that the systems in place in the Offices over 2019-20 in relation to governance, risk and financial management were in general appropriate and fit for purpose. In particular, the risk management policies and procedures of both Offices were completely updated, revised and refocused during the year in line with recommendations received from internal audit. As a result, the Committee can confirm that an effective system of risk management is in place.

During the first part of the year EU Exit activity continued to dominate much of the Offices' workload and the Committee continued to monitor the impact on the Offices' effectiveness as a result of the intense workload. EU Exit activity continued to be a feature during the latter part of the year and in addition planning for the move to the hub, QEH, including IT transformation, has been a major activity in both Offices.

The Committee also undertook a review of its own effectiveness during the year and was pleased to note the conclusion that it was operating effectively and providing an appropriate level of assurance to the Accounting Officer. The Committee is grateful to Shonaig Macpherson, Lead Non-Executive Director for carrying out this review.

The Committee was pleased to note that notwithstanding the level of activity over the period, the importance of effective corporate governance continued to receive an appropriately high level of attention and that officials of both Offices had consistently had regard to their obligations under the Civil Service Code to observe political neutrality.

Annual Report and Accounts and External Audit

The Committee considered items relating to the annual reporting cycle, including the draft Annual Report and Accounts with a particular focus on key judgements, accounting policies and the Governance Statement.

External Audit has continued to be provided by the NAO during the year and sub-contracted to Ernst & Young LLP. The Committee considers the services provided by both NAO and Ernst & Young LLP to be of a high standard and provides an appropriate level of assurance to the Accounting Officer. Both NAO and Ernst & Young LLP attended all meetings of the Committee and provided helpful contributions to the work of the Committee. The Committee has reviewed all reports provided by external audit and has followed up all recommendations made.

Completion of the external audit for 2019-20 took longer than the timetable originally agreed with NAO and Ernst & Young LLP. This was due to a delay in the finalisation of the accounts due to impact of COVID-19 across Government. Following completion of the external audit for 2019-20, constructive engagement took place between management, NAO and Ernst & Young LLP.

Internal Audit

The internal audit service was provided during the year by the Government Internal Audit Agency (GIAA). GIAA attended all meetings of the Committee and provided helpful contributions to many aspects of the Committee's business.

In line with the GIAA Internal Audit plan for 2019-20, GIAA conducted three internal audits during the year and all reports were reviewed by the Committee which also followed up recommendations made. These audits focussed on: EU Exit; City and Regional Growth Deals; and Risk Management (follow-up review). In order to provide additional levels of assurance to the Offices' SLTs and Accounting Officer, GIAA also conducted an additional internal audit in 2019-20 on the IT Transition corporate project. The GIAA provided moderate assurances on three of the internal audits, and as the Risk Management review was the follow up to a previous internal audit, no final assurance opinion was required. All actions identified in the Internal Audit reports have been addressed. The Committee reviewed the Head of Internal Audit's Annual Report and noted the overall evaluation for 2019-20 of a moderate rating.

The Committee considers the quality of internal audit reports prepared by GIAA to be of a high standard and is satisfied that the delivery of the internal audit plan gives assurance that key controls are generally operating effectively.

When required, the Committee meets with internal and external audit without the presence of management, to allow any issues or concerns to be raised directly with the Committee. The members of the Committee, including external and internal audit, have also established a direct link to the Chair of ARAC which would allow them to discuss any issues or concerns directly with the Committee Chair, if necessary.

Corporate Governance Statement

The Committee considered the Accounting Officer's Corporate Governance Statement in draft and provided advice on its form and content. It is satisfied that the statement accurately reflects the various sources of assurance available to the Accounting Officer, that it described accurately the processes of corporate governance within the Offices and that it properly addressed the relevant issues.

Assurance to Accounting Officer

The Committee can never give absolute assurance to the Accounting Officer, however taking into account the scrutiny which the Committee has exercised during the year and the assurances received from both internal and external audit, the Committee is of the opinion that the control environment is effective, supports the governance statement and the integrity of the Annual Report and Accounts. The Committee also considers an effective system of risk management has been in operation throughout the year and all key risks have been actively addressed by the Offices.

Future Work

The Committee will continue to operate in accordance with its Terms of Reference and its main business will continue to be similar to previous years. In addition, it will focus on key risk issues, including: the move to the hub, QEH, IT transition and the ongoing response to COVID-19.

A structured approach to the interactions between Ministers, officials and independent Non-Executive Board Members has been developed to ensure that all key issues are addressed in the right forum and in a timely manner.

Jayne Scott

Interim Chair, Audit and Risk Assurance Committee

Office of the Secretary of State for Scotland and Office of the Advocate General for Scotland

Remuneration and Staff Report

Remuneration Report

In accordance with the requirements of Schedule 7A to the Companies Act 1985 (as amended) only certain sections of the Remuneration Report have been subject to full external audit.

The following sections are all subject to audit: ministers' remuneration, Board members' remuneration, pay multiples, fees paid to Non-Executive Board Members, ministers' pension benefits, Board members' pension benefits, compensation for loss of office, staff costs, reporting of Civil Service and other compensation schemes, average number of persons employed'.

Remuneration Policy

The remuneration of senior Civil Servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament (MPs) and their allowances; on Peer's allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of Departmental services;
- the funds available to departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

Board Members and Senior Civil Servants Remuneration

The salaries of OSSS and OAG senior managers were determined by the government body from which they were seconded in accordance with the rules set out in Chapter 7.1, Annex A of the Civil Service Management Code.

Performance based pay awards are based on an assessment of performance against objectives agreed between the individual and the line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded. The salaries of Senior Civil servants are determined in line with the Cabinet Office Senior Civil Service (SCS) Reward policy.

Service Contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk

Ministers' salaries and pension entitlements

The salaries, taxable benefits in kind and pension entitlements Ministers are shown in the following tables. Salary figures include all allowances payable by the OSSS, whereas full-year equivalents are calculated net of allowances, bonuses and ex gratia payments.

In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£79,468 from 1 April 2019) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords are different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures below.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. No OSSS Minister received benefits in Kind in 2019-20 or 2018-19.

Remuneration (salary, and pensions)

Ministers	Salary (£)		Pension benefits (to nearest £1000) ⁽¹⁾		Total (to nearest £1,000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Rt Hon Alister Jack MP Secretary of State for Scotland (since 24 July 2019) ^{(2) & (9)}	46,455 ⁽³⁾	n/a	n/a	n/a	46,000	n/a
The Rt Hon David Mundell MP Secretary of State for Scotland (until 24 July 2019) ⁽²⁾	38,107 ⁽³⁾	67,505	6,000	15,000	44,000	82,000
Douglas Ross Parliamentary Under Secretary of State for Scotland (since 16 December 2019) ⁽⁴⁾	2,958 ⁽⁵⁾	n/a	0	n/a	0	n/a
Colin Clark Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019) ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Robin Walker Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019) ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Lord Duncan of Springbank, Parliamentary Under Secretary of State for Scotland (until 27 July 2019) ^{(7) & (9)}	35,778 ⁽⁸⁾	105,076	n/a	17,000	36,000	122,000
The Rt Hon The Lord Keen of Elie QC, Advocate General for Scotland ^{(7) & (9)}	131,138	128,121	n/a	n/a	131,000	128,000

Notes to the table:

- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- The Secretary of State waived his increase.
- Full year equivalent £67,505.
- The Parliamentary Under Secretary of State waived his increase.
- Full year equivalent £22,375.
- Unpaid by the OSSS.
- This includes the House of Lords Office Holders Allowance of £36,366
- Full year equivalent £70,969.
- Ministers waived the right to their pension entitlement.

Pension Benefits

Ministers	Accrued Pension at age 65 as at 31 March 2020	Real increase in pension at age 65	CETV at 31 March 2020	CETV at 31 March 2019	Real increase/ (decrease) in CETV £000
	£'000	£'000	£'000	£'000	£'000
Rt Hon Alister Jack MP Secretary of State for Scotland (since 24 July 2019)	n/a	n/a	n/a	n/a	n/a
The Rt Hon David Mundell MP Secretary of State for Scotland	5-10	0-2.5	144	135	4
Douglas Ross Parliamentary Under Secretary of State for Scotland (since 16 December 2019)	0-5	0-2.5	0	0	0
Colin Clark Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019)	n/a	n/a	n/a	n/a	n/a
Robin Walker Parliamentary Under Secretary of State for Scotland (from 27 July 2019 to 16 December 2019)	n/a	n/a	n/a	n/a	n/a
Lord Duncan of Springbank, Parliamentary Under Secretary of State for Scotland (until 27 July 2019) ⁽⁴⁾	n/a	n/a	n/a	26	n/a
The Rt Hon The Lord Keen of Elie QC, Advocate General for Scotland	n/a	n/a	n/a	n/a	n/a

Please note, the “CETV at start date” figure this year does not match the “CETV at end date” figure from last year. This is due to the change in transfer factors used by the PCPF. The factors were changed in March 2016 following updated guidance from HM Treasury which sets the financial assumptions to use to calculate CETVs from PCPF. More information about this change can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508105/Basis_for_setting_the_discount_rate_for_calculating_cash_equivalent_transfer_values_payable_from_the_public_service_pension_schemes.pdf

Ministerial Pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers’ etc. Pension Scheme 2015, available at:

<http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>

Those Ministers who are Members of Parliament may also accrue an MP’s pension under the PCPF (details of which are not included in this report). A new MP’s pension scheme was introduced from May 2015, although members who were aged 55 or older on 1st April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Senior Managers' salary and pension entitlements

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the OSSS and thus recorded in these accounts.

Salary figures include all allowances payable by the OSSS, whereas full year equivalents are calculated net of allowances, bonuses and ex gratia payments. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to performance in 2017-18.

The Senior Managers were supported by the Deputy Director for Corporate Services, Deputy Director for Policy and Governance and the Legal Secretary to the Advocate General who attend meetings of the Joint Management Board.

The salaries, bonuses taxable benefits in kind and pension entitlements for Senior Managers are shown in the following tables:-

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100) ⁽²⁾		Pension benefits (to nearest £1000) ⁽¹⁾		Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19 ⁽³⁾	2019-20	2018-19	2019-20	2018-19
Gillian McGregor Office of the Secretary of State for Scotland Director and Accounting Officer	90-95	90-95	-	-	37,800	39,000	28,000	154,000 ⁽⁴⁾	155-160	280-285 ⁽⁴⁾
Neil Taylor, Office of the Advocate General Director	95-100	95-100	-	-	36,600	35,200	150,000	65,000	280-285	160-165

Following confirmation with HMRC that payments to directors to cover travel and accommodation costs for work in London constitute a taxable benefit in kind, the remuneration disclosures have been updated to reflect these. This has resulted in additional disclosable remuneration to directors totalling £238,978 dating back to 2014/15. To ensure consistency and comparability, the 2018/19 balances disclosed above have been amended accordingly to reflect the cost associated with the prior year. The remaining £90,378 due for the years 2014-18 have not been disclosed above as the disclosure requirements do not extend beyond the prior financial period.

Notes to the table:

- (1) the value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases due to a transfer of pension rights.
- (2) The directors are both Scotland based but are required to be in London for a period each week. The travel costs and their rented accommodation are taxable benefits.
- (3) The previous year figure has been restated due to backdated costs accounted for in the financial year.
- (4) Recalculation for 2018-2019 period provided due to retrospective change to service history.

Non-Executive Directors

The chairperson of the OSSS and OAG audit committee and lead non-executive member of the Offices' Joint Management Board receives a fee of £300 for each meeting attended. Other non-executive members of the audit committee and Joint Management Board receive £200 per meeting attended.

Remuneration	Salary (£000)		Total (£000)	
	2019-20	2018-19	2019-20	2018-19
Shonaig Macpherson Lead NED	0-5	0-5	0-5	0-5
Jayne Scott interim Chair of Audit Committee and Non-Executive Member (from 1 September 2019)	0-5	0-5	0-5	0-5
Graeme Bissett Chair of Audit Committee and Non-Executive Member (from August 2018 to August 2019)	0-5	0-5	0-5	0-5
Joyce Cullen Non- Executive Member	0-5	0-5	0-5	0-5

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2020	Real increase in pension and related lump sum at pension age at 31 March 2020	CETV at 31 March 2020	CETV at 31 March 2019	Real increase/decrease in CETV
	£'000	£'000	£'000	£'000	£'000
Gillian McGregor Office of the Secretary of State for Scotland Director and Accounting Officer	35 - 40 plus a lump sum of 105 - 110	0 - 2.5 plus a lump sum of 2.5 - 5	819	759 ⁽¹⁾	22
Neil Taylor, Office of the Advocate General Director	35 - 40 plus a lump sum of 80 - 85	5 - 7.5 plus a lump sum of 12.5 - 15	671	527	115

⁽¹⁾ Recalculation for 2018-2019 period provided due to retrospective change to service history.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha.

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence

of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the department in the financial year 2019-20 was £95-100k (2018-19, £90-95k). This was 2.1 times (2018-19, 2.0 times) the median remuneration of the workforce, which was £47.5k (2018-19, £46.9k).

In 2018-19, no employees (2018-19, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £19.3k to £97.7k (2018-19, £18.4k to £93.9k).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Staff Report

Staff Costs

The OSSS and OAG do not directly employ staff. Instead, staff are seconded or loaned by other Civil Service bodies, mainly the Scottish Government and the Ministry of Justice (MoJ). The Offices seek staff on secondment to provide the skills and experience needed to fulfil the Offices' functions. Both the Scottish Government and the MoJ recruit staff in accordance with the Civil Service Commissioners' recruitment principles. Legal staff in OAG are part of the Government Legal Service for Scotland (GLSS) and are seconded to the UK Government from employment with Scottish Ministers. The recruitment of all legal staff is undertaken by the GLSS, a professional community of lawyers in government from various legal offices. OAG is also supported by a small number of administrative staff.

The OSSS and OAG expenditure on staff during 2019-20 is shown in the following table (over):

	2019-20				2018-19	
	£000					
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Wages and salaries	-	6,857	254	35	7,146	6,785
Social security costs	-	707	31	5	743	704
Other pension costs	-	1,705	-	15	1,720	1,246
Sub Total	-	9,269	285	55	9,609	8,735
Less recoveries in respect of outward secondments	-	-	-	-	-	-
Total net costs	-	9,269	285	55	9,609	8,735

The staff costs comprise of:

	Charged to Admin Budgets	Charged to Programme Budgets	Charged to Admin Budgets	Charged to Programme Budgets
	2019-20		2018-19	
	£000		£000	
Core Department	9,427	-	8,584	-
Other Designated Bodies	-	182	-	151

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the OSSS is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out on 31 March 2016 and details can be found in the resource accounts of the Cabinet Office: [Civil Superannuation at www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For 2019-20, employers' pension contributions of £1,721k (2018-19: £1,246k) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2018-19: 20% to 24.5%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflected past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' pension contributions of £0 (2018-19: £0) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3.0% to 12.5% (2018-19: 3.0% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay. In addition, employer pension contributions of equivalent to 0.8% of pensionable pay were payable to the PCSPS to cover the cost of future provision

of lump sum benefits on death in service and ill health retirement of employees in the PCSPS scheme. Contributions due to the partnership pension providers at the reporting period date were £0 (2018-19:£0)

Staff Numbers

The average number of full-time equivalent persons employed during the year was as follows:

	2019-20					2018-19
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Office of the Secretary of State for Scotland	-	79	2	2	83	79
Office of the Advocate General	-	49	1	-	50	50
Boundary Commission	-	3	-	-	3	3
Total	-	131	3	2	136	132

Staffing Levels

The actual number of staff in post at 31 March 2020 in the Office of the Secretary for Scotland totalled 81, of which 58% were based in Melville Crescent, Edinburgh and 42% in Dover House, London. OAG had 49 staff in post on 31 March 2020, 90% of which were based in Victoria Quay in Edinburgh and 10% at Dover House in London.

Reporting of Civil Service and other compensation schemes - exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of the departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill Health retirement costs are met by the pension scheme and are not included in the table.

The OSSS and OAG incurred no exit packages costs during 2019-20 or 2018-19.

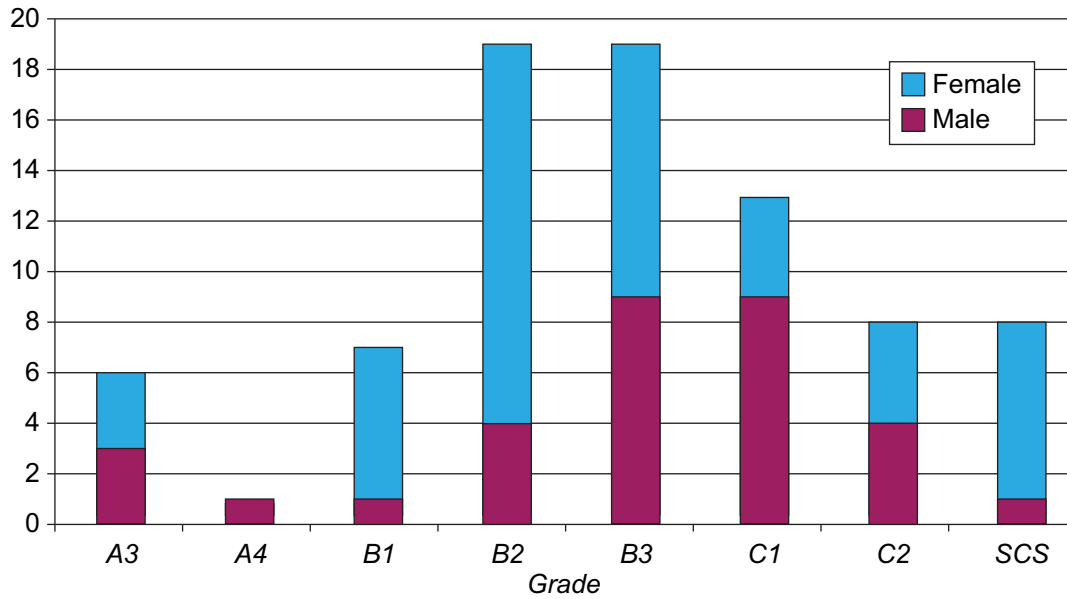
Senior Civil Service

At 31 March 2020 there were seven senior civil service posts in the OSSS and five posts in the OAG.

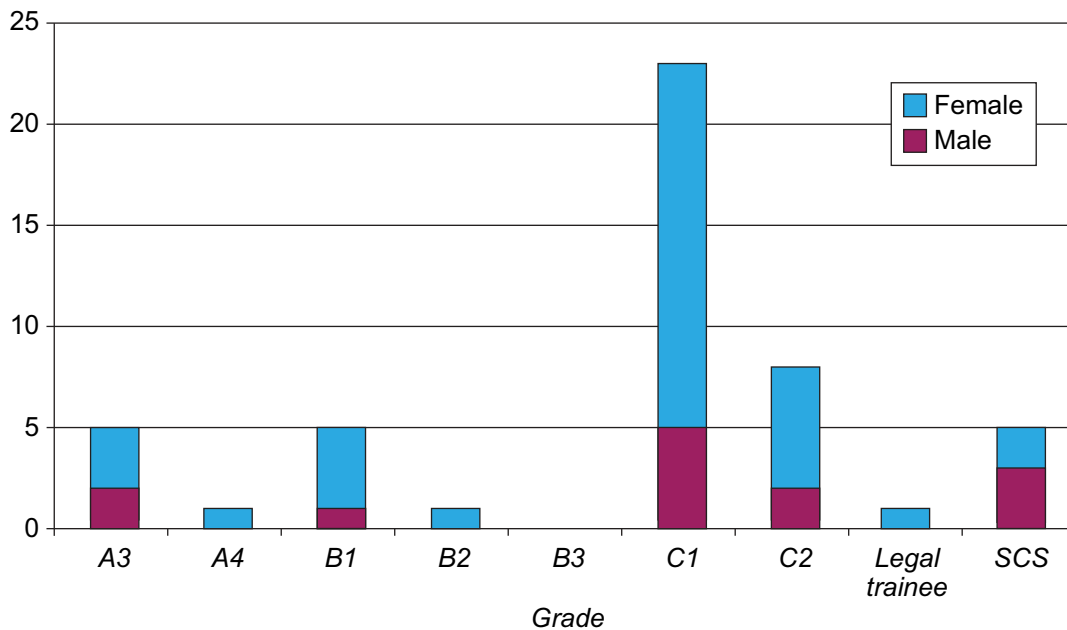
Diversity

Women make up 60.5% of staff in the OSSS and 71.4% of staff in OAG. The following charts (over) show the number of women and men in each grade in the two Offices.

Office of the Secretary of State for Scotland



Office of the Advocate General



Equal Opportunities

Information on the ethnic origin of civil servants is collected using a voluntary, confidential questionnaire. To protect the identity of individual staff, data relating to fewer than five people is not disclosed in equal opportunities monitoring.

Employment of disabled persons

The OSSS and OAG have a small number of staff with disabilities. The Offices are aware of their responsibilities under the Disability Discrimination Act 1995 and, with this in mind, have provided an external stair lift at its premises in Melville Crescent and internal lifts in Dover House, Victoria Quay and Melville Crescent.

Sick Absence Data

The average number of working days lost in the financial year 2019-20 was 3.4 days (6.5 day in 2018-19)

Spend on Consultancy and Temporary Staff

The OSSS and OAG had no spend on consultancy in 2019-20 (nil in 2018-19). The departments use temporary staff to cover staff on long term sick, maternity leave and for vacant posts, the total spend on temporary staff in 2019-20 was £239,560 (2018-19 £334,238).

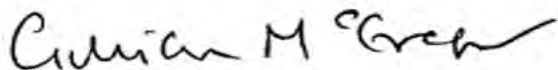
Off Payroll Appointments

In 2019-20 the OSSS had no off payroll appointments for more than £220 per day and for duration of six months or longer.

The NAO have reviewed the Accountability Report for consistency with the information provided in the financial statements.

Trade Union (Facility Time Publication Requirements) Regulations 2017 (Statutory Instruments 328)

No official in the department spent time on trade union activities. The Ministry of Justice and Scottish Government as their employers provide trade union representation for staff.



Gillian McGregor

Accounting Officer for the Office of the Secretary of State for Scotland and the Office of the Advocate General for Scotland

15 July 2020

Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Office of the Secretary of State for Scotland and Office of the Advocate General to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net cash requirement (note 3); and, an analysis of income payable to the Consolidated Fund (note 4).

Summary table 2019-20, all figures presented in £000

	SOPS Note	Outturn			Estimate			Outturn v's Estimate, saving / (excess)		Prior Year Outturn Total 2018-19
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
Departmental Expenditure Limit										
- Resource	1.1	10,952	-	10,952	11,971	-	11,971	1,019	1,019	9,823
- Capital	1.2	343	-	343	490	-	490	147	147	11
Total		11,295	-	11,295	12,461	-	12,461	1,166	1,166	9,834
Annually Managed Expenditure										
- Resource	1.1	682	-	682	900	-	900	218	218	-
- Capital	1.2	-	-	-	-	-	-	-	-	-
Total		682	-	682	900	-	900	218	218	-
Total Budget										
- Resource	1.1	11,634	-	11,634	12,871	-	12,871	1,237	1,237	9,823
- Capital	1.2	343	-	343	490	-	490	147	147	11
Total Budget Expenditure		11,977	-	11,977	13,361	-	13,361	1,384	1,384	9,834
Non-Budget Expenditure	1.1	31,548,469	-	31,548,469	31,548,743	-	31,548,743	274	274	29,962,700
Total		31,560,446	-	31,560,446	31,562,104	-	31,562,104	1,658	1,658	29,972,534

Net Cash Requirement 2019-20, all figures presented in £000

Item	SOPS Note	Outturn	Estimate	Outturn compared with Estimate: saving/ (excess)	Prior Year Outturn Total 2018-19
Net Cash Requirement	2	31,560,175	31,563,003	2,828	29,972,659

Administration costs 2019-20, all figures presented in £000

Type of Spend	SOPS Note	Outturn	Estimate	Outturn compared with Estimate: saving/ (excess)	Outturn
Administration Costs	1.1	10,684	11,611	927	9,573

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and outturn are given in the Financial Review for the Office of the Secretary of State for Scotland and Office of the Advocate General.

Notes to the Statement of Parliamentary Supply 2019-20 (£000's)

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by Estimate line

	Resource Outturn					Estimate		Outturn v's Estimate, saving / (excess)	Prior Year Outturn Total 2018-19			
	Administration		Programme			Total	Total Including Virements					
	Gross Income	Net Total	Gross	Income	Net Total							
A Office of the Secretary of State for Scotland & Office of the Advocate General	15,759	5,075	10,684	40	-	40	11,671	-	11,671	947	9,614	
B Boundary Commission for Scotland	-	-	-	228	-	228	300	-	300	72	209	
Total Voted Expenditure in DEL	15,759	5,075	10,684	268	-	268	11,971	-	11,971	1,019	9,823	
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure												
C - Provision to cover the lease break for the relocation to the Edinburgh Hub	682	-	682	-	-	-	682	900	-	900	218	-
Total Voted AME	682	-	682	-	-	-	682	900	-	900	218	-
Non-Budget												
Voted Expenditure												
D Grant Payable to the Scottish Consolidated Fund	-	-	-	19,864,469	-	19,864,469	19,864,743	-	19,864,743	274	17,847,700	
E Payover of Scottish Rate of Income Tax to Scottish Consolidated Fund	-	-	-	11,684,000	-	11,684,000	11,684,000	-	11,684,000	-	12,115,000	
Total Non-Budget	-	-	-	31,548,469	-	31,548,469	31,548,743	-	31,548,743	274	29,962,700	
Total for Estimate	16,441	5,075	11,366	31,548,737	-	31,548,737	31,560,103	31,561,614	-	31,561,614	1,511	29,972,523

An explanation of the variances can be found in Part 5 of the accounts - the financial review.

SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn v's Estimate, saving / (excess)	Prior Year Outturn Total 2018-19
	Gross	Income	Net Total	Net	Virements	Total including virements		
Spending in Departmental Expenditure Limit (DEL)								
Voted expenditure								
A Office of the Secretary of State for Scotland & Office of the Advocate General	343	-	343	490	-	490	147	11
Total Voted Expenditure in DEL	343	-	343	490	-	490	147	11
Total	343	-	343	490	-	490	147	11

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HMT). Further information on virements are provided in the Supply Estimates Manual available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

SOPS 2. Reconciliation of the Net Resource Outturn to the Net Cash Requirement

	Reference	Outturn total	Estimate	Outturn v's Estimate, saving / (excess)
Resource Outturn	SoPS 1.1	31,560,103	31,561,614	1,511
Capital Outturn	SoPS 1.2	343	490	147
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Removal of capital accrual		(339)	-	339
Depreciation		(40)	(60)	(20)
New provisions and adjustments to previous provisions		(682)	(900)	(218)
Other non-cash items		(43)	(41)	2
Adjustments to reflect movements in working balances:				
Increase/(decrease) in receivables		1,074	-	(1,074)
Increase/(decrease) in Payables		(241)	-	241
increase (-) decrease (+) in creditors ⁽¹⁾		-	1,900	1,900
Total		31,560,853	31,563,003	2,828
Removal of non-budget items:				
Consolidated Fund Standing Services		-	-	-
Net Cash Requirement		31,560,175	31,563,003	2,828

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

⁽¹⁾ As reflected in the Supplementary Estimate in relation to Contingency Fund.

SOPS3. Income Payable to the Consolidated Fund

3.1 Consolidated Fund Income

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

Item	Outturn 2019/20 £000	Prior Year Outturn Total 2018-19 £000
Forfeited election deposits and interest	-	-
Fines and penalties	(219)	(277)
Other income (unused election costs)	-	(687)
<i>Less:</i>		
Costs of collection - where deductible	-	-
Uncollectible debts	-	-
Amount payable to the Consolidated Fund	(219)	(964)
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	219	964
Balance held on trust at the end of the year	-	-

The Consolidated Fund receipts paid to the Office of the Secretary of State for Scotland and Office of the Advocate General by the Scottish Government are in respect of the Designation of Receipts Order 2010 and consist mainly of fines, fixed penalties and bank interest. The prior year figures also include the surrender of the unused funding in relation to the 2017 UK Parliamentary Election in Scotland.

Parliamentary Accountability Disclosures

This information has been subject to audit.

Losses and Special Payments

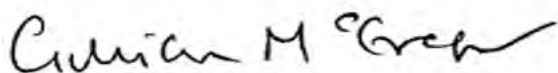
The Office of the Secretary of State for Scotland has recognised an onerous lease of £852k for the Office's Edinburgh headquarters at Melville Crescent in Edinburgh due to the proposed move to the UK Government Edinburgh Hub.

Fees and Charges

We seek to recover the full costs of legal services provided on behalf of other government departments. The costs are calculated on an accrual basis, including overheads which includes the time that people spend on activities, which is set using a standard hourly rate. There has been no over or under recovery of costs in 2019-20. The full costs of our operating segments are disclosed in Note 2.

Remote Contingent Liabilities

There were no remote contingent liabilities in 2019-20.



Gillian McGregor

Accounting Officer for the OSSS & OAG

15 June 2020

The Certificate and Report of the Comptroller and Auditor General to the House Of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Scotland Office and Office of the Advocate General for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2020 and of the Department's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Scotland Office and the Office of Advocate General in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Scotland Office and the Office of Advocate General's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Scotland Office and the Office of Advocate General have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scotland Office and the Office of Advocate General's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scotland Office and the Office of Advocate General's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Scotland Office and the Office of Advocate General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Scotland Office and the Office of Advocate General's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Scotland Office and the Office of Advocate General to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Scotland Office and the Office of Advocate General and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

16 July 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Chapter 3: Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

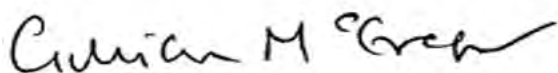
		2019-20	2018-19
		£000	£000
	Note		
Revenue from contracts with customers	4	(3,160)	(2,304)
Other operating income	4	(1,915)	(1,825)
Total operating income		(5,075)	(4,129)
Staff Costs	3	9,609	8,735
Purchase of goods and services	3	6,378	5,176
Other operating expenditure	3	682	-
Depreciation and impairment charges	3	40	41
Grant to the Scottish Consolidated Fund	3	19,864,469	17,847,700
Payover of Scottish Rate of Income Tax to Scottish Government	3	11,684,000	12,115,000
Total operating expenditure		31,565,178	29,976,652
NLF interest receivable		(49,790)	(48,978)
NLF interest payable		49,790	48,978
Net expenditure for the year		31,560,103	29,972,523
Other Comprehensive Net Expenditure			
Net (gain) loss on revaluation of property, plant and equipment		-	-
Comprehensive expenditure for the year		31,560,103	29,972,523

Statement of Financial Position as at 31 March 2020

This Statement presents the financial position of the Office of the Secretary of State for Scotland & Office of the Advocate General. It comprises three main components: assets owned or controlled: liabilities owed to other bodies: and equity, the remaining value of the entity.

		31 March 2020	31 March 2019
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	5	259	93
Financial assets (NLF)	9	1,552,228	1,232,277
Intangible assets	6	137	-
Total non-current assets		1,552,624	1,232,370
Current Assets:			
Trade and other receivables	11	1,600	526
NLF receivables	11	94,718	62,991
Cash and cash equivalents	10	576	42
Total current assets		96,894	63,559
Total Assets		1,649,518	1,295,929
Current liabilities			
Trade and other payables	12	(4,142)	(3,028)
NLF payables	12	(94,718)	(62,991)
Total current liabilities		(98,860)	(66,019)
Non-current assets plus/less net current assets/liabilities		1,550,658	1,229,910
Non-current liabilities			
Provisions	13	(852)	(170)
Other payables (NLF)	12	(1,552,228)	(1,232,277)
Total non-current liabilities		(1,553,080)	(1,232,447)
Assets less liabilities		(2,422)	(2,537)
Taxpayers' Equity and other reserves			
General fund		(2,427)	(2,542)
Revaluation Reserve		5	5
Total equity		(2,422)	(2,537)

Signed:



Accounting Officer for the OSSS and OAG

15 June 2020

The notes on pages 72 to 86 form part of these accounts.

Statement of Cash Flows for the Period Ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

		2019-20	2018-19
		£000	£000
	Note		
Cash flows from operating activities			
Net operating cost	SOCNE	(31,560,103)	(29,972,523)
Adjustments for non-cash transactions	3	83	80
(Increase)/Decrease in trade and other receivables	11	(32,801)	(15,420)
Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure ⁽¹⁾	11	31,727	15,584
Increase/(Decrease) in trade payables	12	32,841	13,329
Increase/(Decrease) in provisions	13	682	-
Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure ⁽¹⁾	12	(32,600)	(13,901)
Net cash outflow from operating activities		(31,560,171)	(29,972,851)
Cash flows from investing activities			
Purchase of Plant & Machinery and Fixtures and Furnishings	5	(4)	(77)
(Repayments) from other bodies (interest)		(49,790)	(48,978)
(Repayments) from other bodies (capital)	9	(53,400)	(38,179)
Net cash inflow from investing activities		(103,194)	(87,234)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - Current Year ⁽²⁾	3	31,560,709	29,972,000
From the Consolidated Fund (Non-supply)		-	-
Advance from the Consolidated Fund		1,900	-
Repayment of advance from the Consolidated Fund		(1,900)	-
Repayment of loans from the National Loans Fund (interest) ⁽³⁾		49,790	48,978
Repayment of loans from the National Loans Fund (capital) ⁽³⁾	9	53,400	38,179
Repayment of unspent election funding		-	(687)
Net financing		31,663,899	30,058,470
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	10	534	(1,615)
Income payable to the Consolidated Fund	SOPS 3	(219)	(964)
Income paid to the Consolidated Fund ⁽⁴⁾		219	964
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		534	(1,615)
Cash and cash equivalents at the beginning of the period	10	42	1,657
Cash and cash equivalents at the end of the period	10	576	42

⁽¹⁾ Movements include: departmental balances with the Consolidated Fund: and payables linked to financing - NLF loans (principal and interest), capital debtors, finance leases and PFI and other service concession arrangements.

⁽²⁾ This is the amount received from the Consolidated Fund in respect of the current year.

⁽³⁾ This includes loans repaid by entities for onward transmission to the NLF and interest received from entities for transmissions to the NLF.

⁽⁴⁾ Cash paid over to the Consolidated Fund under any category.

The notes on pages 72 to 86 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the Office of the Secretary of State for Scotland and Office of the Advocate General, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	General Fund £000	Revaluation Reserve £000	Tax Payers' Equity £000
Balance at 31 March 2018	2,767	(5)	2,762
Net Parliamentary Funding	(29,972,000)	-	(29,972,000)
Deemed Supply (voted)	(701)	-	(701)
Deemed Supply (non voted)	(956)	-	(956)
Unused election funding	687	-	687
Supply Payable	42	-	42
CFER transferred to CF	-	-	-
Net expenditure for the year	29,972,523	-	29,972,523
Auditors Remuneration	(39)	-	(39)
Transfer of fixed assets	219	-	219
Balance at 31 March 19	2,542	(5)	2,537
Net Parliamentary Funding	(31,560,709)	-	(31,560,709)
Deemed Supply (Voted)	(42)	-	(42)
Deemed Supply (Non-voted)	-	-	-
Unused election funding	-	-	-
Supply Payable	576	-	576
CFER transferred to CF	-	-	-
Net expenditure for the year	31,560,103	-	31,560,103
Auditors Remuneration	(43)	-	(43)
Transfer of fixed assets	-	-	-
Balance at 31 March 20	2,427	(5)	2,422

The notes on pages 72 to 86 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2020

Statement of Accounting Policies 2019-20

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Office of the Secretary of State for Scotland (OSSS) and Office of the Advocate General (OAG) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OSSS & OAG are described below. They have been applied consistently in dealing with items considered material in relation to these accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the OSSS & OAG to prepare one additional primary statement. The Statement of Parliamentary Supply and its supporting notes report outturn against the Estimate in terms of the net resource requirement and the net cash requirement.

The accounts for 2019/20 have been prepared on a going concern basis. The department's revenue budget has been confirmed for 2020/21 to demonstrate that Parliament will continue to fund the department for the following financial year. We are working within the context of the COVID-19 pandemic, an unprecedented global crisis. There will be a cross Government Spending review starting in autumn 2020 and the department is already in discussions with HMT around this, however there is no reason to expect that future approvals of funding will not be forthcoming, and the department has assumed that funding will continue beyond 2020/21 broadly in line with current levels. The department has a statutory basis for its function and related funding and there is no reason why this would not continue. On 20 May HMT issued revised guidelines around the consideration of going concern and whether there are any material uncertainties in this area. OSSS and OAG considers there are no material uncertainties around its going concern status.

The functional and presentational currency of the OSSS & OAG is the British Pound Sterling (£).

1.2 Accounting convention

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, and certain financial assets and liabilities.

1.3 Operating segments

The OSSS & OAG share a single function but for IFRS purposes are considered to be separate operating segments. The other segments reported in the accounts are the Boundary Commission; the grant to the Scottish Consolidated Fund; the payover of the Scottish Rate of Income Tax; and National Loan Fund (NLF) repayments.

1.4. Property, plant and equipment

Valuation basis

Non-current assets are stated at fair value. On initial recognition PPE assets are measured at cost including any costs directly attributable to bringing them into working condition.

Valuation method

The OSSS & OAG has no property assets.

Revaluation

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure. Any remaining increase is credited directly to the Revaluation Reserve in Taxpayers' equity.

When an asset's carrying amount decreases (other than as a result of a permanent diminution), the decrease is recognised in the Revaluation Reserve to the extent a balance exists in respect of that asset. Any further decrease in excess of revaluation surpluses are charged to the Statement of Comprehensive Net Expenditure.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

Capitalisation threshold – individual assets

The OSSS & OAG capitalisation threshold for individual assets is £1,000 (including VAT).

Capitalisation threshold – grouped assets

The OSSS & OAG has a small pool of assets for furniture and fittings which has been capitalised.

The OSSS & OAG applies a capitalisation threshold for grouped assets of £10,000 (including VAT).

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives or for leased assets, over the life of the lease or the period implicit in the repayment schedule. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to ensure that budgeting implications have been properly considered. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation

commences in the month following the acquisition of a non-current asset for land, buildings and dwellings and in-month for all other non-current assets.

Estimated useful asset lives are within the following ranges:

- | | |
|-----------------------------|--|
| • Grouped assets | Various depending on individual asset types |
| • Information technology | Shorter of remaining lease period or 3 to 15 years |
| • Plant and equipment | Shorter of remaining lease period or 3 to 20 years |
| • Furniture and fittings | Shorter of remaining lease period or 5 to 20 years |
| • Leasehold Improvements | the remaining life of the lease |
| • Assets under construction | Not Depreciated |

The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within Administration or Programme costs, as appropriate, in the Statement of Comprehensive Net Expenditure.

When re-valued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Fund.

1.5 Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and Intangible assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. If expenditure is deemed as not attributable to the asset it is expensed to the Statement of Comprehensive Net Expenditure.

1.6 Leases

The OSSS & OAG do not have any finance leases.

Operating leases

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

Arrangements containing a lease

In determining whether the OSSS & OAG is party to a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing

arrangements and take-or-pay contracts, are assessed according to the criteria set by IFRIC (International Financial Reporting Interpretations Committee) 4 'Determining Whether an Arrangement Contains a Lease'. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The arrangement is then assessed under IAS 17 to determine whether it is classified as a finance or operating lease.

1.7 Investments

National Loans Fund (NLF)

Advances from the National Loans Fund (NLF) are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to Registers of Scotland and Scottish Water prior to devolution. With the effect from 1 April 2015, under Section 32 of the Scotland Act 2016, additional borrowing powers were conferred on Scottish Government ministers. During 2017-18 the Scottish Administration borrowed additional funds from the NLF for the first time since devolution and have used the facility again during 2018-19 and 2019-20.

The responsibility for repayment of principal and interest falls on the Scottish Government and is a charge on the Scottish Consolidated Fund. Amounts received by the Advances from the National Loan Fund are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to the Registers of Scotland and Scottish prior to devolution. With effect from 1 April 2015, under Section 32 of the Scotland Act 2012, as amended by Section 20 of the Scotland Act 2016, additional borrowing powers were conferred on Scottish Government ministers. During 2017-18 the Scottish Administration borrowed additional funds from the NLF for the first time since devolution.

The responsibility for repayment of principal and interest falls on the Scottish Government and is a charge on the Scottish Consolidated Fund. Amounts received by the OSSS and OAG are surrendered to the NLF.

Outstanding loan balances are included within trade and other payables.

1.8 Employee benefits

Employee leave accruals

Under IAS 19 'Employee Benefits', accruals are made for untaken annual leave and flexi-leave. Performance bonuses are not accrued as the annual appraisal process which determines performance pay is not finalised at the time these Accounts are prepared.

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded.

The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment

of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

Early departure costs

The OSSS & OAG is not a direct employer. All staff are either Ministry of Justice or Scottish Government staff and it is the responsibility of these departments to pay the additional costs of benefits beyond the normal PCSPS of staff who retire early. In specific circumstances where the OSSS & OAG has agreed to meet the costs, early departure costs are provided in full at the point that the agreement is binding. The estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 0.5% (2018-19:0.29%) in real terms if material.

1.9 Operating income

Operating income includes both income appropriated in aid to offset related expenditure and income that is surrendered on receipt to the Consolidated Fund as Extra Receipts (CFER's).

The department's material revenue falls into three categories:

- rental income received from other government departments for shared space in our Edinburgh Headquarters;
- expenditure incurred by OAG on behalf of other UK Government departments in the Scottish Courts, which is subsequently recovered from the appropriate UK Government department; and
- staff and overhead costs incurred by OAG on behalf of staff working on Scotland legal issues on behalf of other UK Government departments, which is subsequently recovered through recharges.

The rental income identified above is recognised in line with IAS 17 (leases) rather than IFRS 15 in line with the requirements of IFRS.

Management has considered the impact of the application of IFRS 15 against the remaining categories above. It has determined in all cases there is no change in the transaction price or point at which all obligations for recognition are met. The performance obligation is considered to be the costs being incurred and the trigger for recognition being the costs actually being incurred and recoverable. All costs identified above which are subject to recharge are recovered on a monthly or quarterly basis.

1.10 Consolidated Fund Extra Receipts (CFERs)

CFERs balances are calculated on an accruals basis, unless stated otherwise. These mostly relate to amounts originally received by certain devolved bodies in Scotland that have been designated by the Treasury under Section 71 of the Scotland Act 1998. These amounts are paid over by Scottish Ministers to the Secretary of State and charged on the Scottish Consolidated Fund.

1.11 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure comprises administration expenditure for the running costs of the OSSS & OAG together with the grant payable to the Scottish Consolidated Fund under Section 64 of the Scotland Act 1998.

1.12 Provisions

Provisions are recognised when the OSSS & OAG has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation.

Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury, currently 2.35%; by comparison 2018-19 rates were 2.6%.

1.13 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.14 Financial instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore usually exposed to little credit, liquidity or market risk.

1.15 Cash and cash equivalents

Cash and cash equivalents recorded in the Statement of Financial Position and Statement of Cash Flow include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.16 Significant accounting estimates and assumptions

The Accounts reflect estimates and assumptions concerning the future. By definition, Estimates are unlikely to be the same as actual results. Estimates are continually evaluated and are based on historical experience and other relevant factors including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provision for Liabilities and Charges

The provisions for liabilities and charges reported at note 12 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases.

Where a lease is taken out for land and buildings combined, both the building and the land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and buildings in the lease contract the split is made based on the market values of the land and buildings at the inception of the lease.

1.17 Impending application of newly issued accounting standards not yet effective

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on future OSSS & OAG accounts:

IFRS 16 - Leases replaces IAS 17 Leases and related interpretations and has an effective date of 1st January 2019. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard will be applied in central government from 1st April 2021.

The department has assessed that IFRS 16 will have a material impact on future accounts as we bring our current operating leases for the UK Government Hub in Edinburgh and our London Headquarters onto the Statement of Financial Position. The estimated impact of bringing our leases for our two properties onto the 2020-21 accounts will be £1.3 million.

IFRS 17 – Insurance contracts replaces IFRS 4 of the same name. The new standard will apply more standardised and rigorous requirements on accounting for insurance contracts. The new standard sets clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. The implementation of IFRS 17 is not planned until 2022, and HM Treasury are already considering its application to the public sector. It is expected that IFRS 17 will be applied in central Government from 2022-23.

It is not yet possible to quantify the impact on future OSSS & OAG accounts.

Note 2: Statement of Operating Costs by Operating Segment

The Main Supply Estimate provides for the administration costs of the Office of the Secretary of State for Scotland and Office of the Advocate General and the salaries of the Secretary of State for Scotland, his Parliamentary Under-Secretary of State, the Advocate General for Scotland, the costs of the Boundary Commission for Scotland and a grant to the Scottish Consolidated Fund.

The Offices Management Boards monitor the administration costs of the Office of the Secretary of State for Scotland and Office of the Advocate General, the provision agreed for the Boundary Commission and the management of the transfer of a block grant to the Scottish Consolidated Fund to meet expenditure by the Scottish Parliament and the Scottish Government.

2019-20 (£000)							
	Office of the Secretary of State for Scotland	Office of the Advocate General	Boundary Commission	Grant to the Scottish Consolidated Fund	Payover of Scottish Rate of Income Tax to Scottish Consolidated Fund	National Loans Fund	Total
Gross Expenditure	8,637	7,844	228	19,864,469	11,684,000	49,790	31,614,968
Income	(99)	(4,976)	-	-	-	(49,790)	(54,865)
Net Expenditure	8,538	2,868	228	19,864,469	11,684,000	-	31,560,103

Office of the Secretary of State for Scotland and Office of the Advocate General do not report assets and liabilities by segment to senior management boards and therefore it is not disclosed in this note.

The income reported in this note relates to work undertaken by departmental staff on behalf of other government departments, the recovery of a proportion of building costs from departments sharing our accommodation and the recovery of courts costs incurred on behalf of other departments. Full costs incurred by the Office of the Secretary of State for Scotland and the Office of Advocate General were recovered in all instances.

2018-19 (£000)							
	Office of the Secretary of State for Scotland	Office of the Advocate General	Boundary Commission	Grant to the Scottish Consolidated Fund	Payover of Scottish Rate of Income Tax to Scottish Consolidated Fund	National Loans Fund	Total
Gross Expenditure	7,392	6,351	209	17,847,700	12,115,000	48,978	30,025,630
Income	(79)	(4,050)	-	-	-	(48,978)	(53,107)
Net Expenditure	7,313	2,301	209	17,847,700	12,115,000	-	29,972,523

Description of segments

Office of the Secretary of State for Scotland

The role of the Office of the Secretary of State for Scotland is to deliver the UK Government's objectives for Scotland and to promote the best interests of Scotland within the United Kingdom.

Office of the Advocate General

The role of the Office of the Advocate General is to provide high quality legal services to secure the UK Government's objectives in Scotland.

Boundary Commission

The Boundary Commission for Scotland is responsible for reviews of both the Scottish Parliament's constituencies and regions and also the UK Parliament's constituencies in Scotland.

Grant to the Scottish Consolidated Fund

The Scottish Government's Budget is determined by the combined impact of Block Grant funding allocated by HM Treasury on a population based formula, the Barnett formula, and adjusted to reflect taxes devolved to Scotland through the Scotland Act 2012 and the Scotland Act 2016; and independent forecasts of receipts generated by those taxes and devolved social security expenditure. The UK Parliament votes the necessary provision to the Secretary of State, who, in turn, makes grants to the Scottish Government as set out in the Scotland Act 1998.

The Scottish Rate of Income Tax

The Scottish Rate of Income Tax (SRIT), identification of Scottish taxpayers and administering the tax are all matters for the UK Government and Her Majesty's Revenue and Customs (HMRC). Receipts from SRIT are collected by HMRC and paid to the Scottish Government, equal to the block grant reduction. Receipts from SRIT will be added to the Scottish block grant.

National Loans Fund

Advances from the National Loan Fund (NLF) are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Scotland to the Registers of Scotland and Scottish Water prior to devolution and the Scottish Government post devolution. The responsibility for repayment of principal and interest fall on the Scottish Government and is a charge on the Scottish Consolidated Fund. Amounts received by the Office of the Secretary of State for Scotland and the Office of the Advocate General are surrendered to the NLF. Outstanding loan balances are included within Trade and other payables.

3. Administration and Programme Costs

Staff Costs⁽¹⁾

	2019-20	2018-19
	£000	£000
Wages and salaries	7,146	6,785
Social security costs	743	704
Other pension costs	1,720	1,246
Sub Total	9,609	8,735

Goods and Services

Rentals under operating leases	1,207	919
Accommodation Costs	483	520
Legal Costs	3,290	2,463
Travel and Subsistence Costs	752	643
Other Expenditure	603	592

Grants

Grant paid to Scottish Consolidated Fund	19,864,469	17,847,700
Payover of Scottish Rate of Income Tax to Scottish Government	11,684,000	12,115,000

Non-cash items:

Auditors' remuneration and expenses	43	39
Provision	682	-
Depreciation	40	41

Total Operating Expenditure Costs	31,565,178	29,976,652
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⁽¹⁾ further analysis of staff costs is located in the Accountability Report (on page 56).

Footnote: The Consolidated Statement of Comprehensive Net Expenditure staff costs figure includes administration and Boundary Commission staff costs; and the figure for purchase of goods and services includes other administration costs and Boundary Commission operating costs.

The Office of the Secretary of State for Scotland and Office of the Advocate General did not purchase any non-audit services from the National Audit Office. (2018-19 nil)

4. Income

	2019-20	2018-19
	£000	£000
Hire of Office Facilities	(99)	(79)
Legal fees and charges to clients	(3,160)	(2,304)
Recovery of legal outlays from other Government Bodies	(1,816)	(1,746)
Total	(5,075)	(4,129)

5. Property, Plant and Equipment

2019-20	Leasehold Improvements £000	Plant Machinery & Equipment £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
Cost or valuation					
At 1 April 2019	-	98	55	-	153
Additions	-	47	82	77	206
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
At 31 March 2020	-	145	137	77	359
Depreciation					
At 1 April 2019	-	(24)	(36)	-	(60)
Charged in year	-	(22)	(18)	-	(40)
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Transfers	-	-	-	-	-
At 31 March 2020	-	(46)	(54)	-	(100)
Carrying amount at 31 March 2020	-	99	83	77	259
Carrying amount at 31 March 2019	-	74	19	-	93

2018-19	Leasehold Improvements £000	Plant Machinery & Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2018	285	209	60	554
Additions	-	11	-	11
Revaluation	-	-	-	-
Disposals	-	(110)	-	(110)
Transfers	(285)	(12)	(5)	(302)
At 31 March 2019	-	98	55	153
Depreciation				
At 1 April 2018	(75)	(121)	(15)	(211)
Charged in year	-	(19)	(23)	(42)
Disposals	-	110	-	110
Revaluation	-	-	-	-
Transfers	75	6	2	83
At 31 March 2019	-	(24)	(36)	(60)
Carrying amount at 31 March 2019	-	74	19	93
Carrying amount at 31 March 2018	210	88	45	343

6. Intangible Assets

	Information Technology £000	Software licences £000	Assets under construction £000	Total £000
2019-20				
Cost or valuation				
At 1 April 2019	-	-	-	-
Additions	-	-	137	137
Donations	-	-	-	-
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and transfers	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2020	-	-	137	137
Amortisation				
At 1 April 2019	-	-	-	-
Charged in year	-	-	-	-
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and transfers	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2020	-	-	-	-
Carrying amount at 31 March 2020	-	-	137	137
Carrying amount at 31 March 2019	-	-	-	-
	Information Technology £000	Software licences £000	Assets under construction £000	Total £000
2018-19				
Cost or valuation				
At 1 April 2018	-	-	-	-
Additions	-	-	-	-
Donations	-	-	-	-
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and transfers	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2019	-	-	-	-
Amortisation				
At 1 April 2018	-	-	-	-
Charged in year	-	-	-	-
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and transfers	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2019	-	-	-	-
Carrying amount at 31 March 2019	-	-	-	-
Carrying amount at 31 March 2018	-	-	-	-

7. Other Commitments

7.1 Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2019-20	2018-19
	£000	£000
Buildings		
Not later than one year	135	151
Later than one year and not later than five years	-	744
Later than five years	-	71
Total	135	966

The department are due to move to the UK Government Hub in Edinburgh during the next financial year and the outstanding lease will be settled on our exit from the current accommodation.

8. Financial Instruments

8.1 Categories of Financial Instruments

Financial Assets

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Advances from the National Loan Fund (NLF) are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State prior to devolution in 1999 and loans made to the Scottish Government post devolution. Outstanding balances are included within Trade and Other payables.

9. Investments in Other Public Sector Bodies

	Loans funded from National Loans Fund £000
Cost or valuation	
At 1 April 2018	1,035,677
Adjustment	
Additions to Scottish Government	250,000
Loans repayable within 12 months transferred to debtors	(53,400)
Balance at 31 March 2019	1,232,277
Additions to Scottish Government	405,000
Loans repayable within 12 months transferred to debtors	(85,049)
Balance at 31 March 2020	1,552,228

History of Accounts

The Office of the Secretary of State for Scotland and Office of the Advocate General accounts report payments and outstanding balances owed on behalf of Scottish Water, Register of Scotland and Scottish Government.

A proportion of the The National Loan Fund (NLF) outstanding balances at 31 March 2020 were made prior to 1 July 1999, under the terms of the Local Government etc. (Scotland) Act 1994 (Scottish Water). Prior to 1 July 1999, responsibility for accounting for the repayments fell to the Scottish Office. Upon devolution, the responsibility transferred to the Office of the Secretary of State for Scotland and Office of the Advocate General. Post devolution loans to the Scottish Government are made under the terms of the Scotland Act 2016.

Registers of Scotland (ROS) was established as a Trading Fund on 1 April 1996 and the loan was deemed to have been issued from the National Loan Fund (NLF) as ROS had no direct sponsor department. However, no physical payment has been made from the NLF. The deemed loan was based on the value of the assets and liabilities appropriated to the Trading Fund. 60% was attributed to capital loans to be paid through the NLF and 40% as public dividend capital, repayable through the Consolidated Fund.

10. Cash and Cash Equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	42	1657
Net change in cash and cash equivalents	534	(1,615)
Balance at 31 March	576	42
The following balances at 31 March were held at:		
Government Banking Service	571	41
Commercial banks	5	1
Balance 31 March	576	42

11. Trade Receivables Financial and Other Assets

	2019-20 £000	2018-19 £000
Amounts falling due within one year:		
Trade receivables	606	230
VAT	70	70
NLF interest receivables	9,669	9,591
Prepayments and accrued income	924	226
Current part of NLF loan	85,049	53,400
Total	96,318	63,517
	2019-20 £000	2018-20 £000
Amounts falling due after more than one year:		
Instalments due on NLF loans	1,552,228	1,232,277
Total	1,552,228	1,232,277

12. Trade Payables and Other Current Liabilities

	2019-20 £000	2019-20 £000
Amounts falling due within one year:		
Trade payables	192	17
NLF interest payable	9,669	9,591
Accruals and deferred income	3,374	2,969
Current part of NLF loans	85,049	53,400
Amounts issued from the Consolidated Fund for supply but not spent at year end	576	42
Total	98,860	66,019
	2019-20 £000	2018-19 £000
Amounts falling due after more than one year:		
NLF loans	1,552,228	1,232,277
Total	1,552,228	1,232,277

13. Provisions for Liabilities and Charges

	Onerous Lease
	£'000
Balance as at 1 April 2019	170
Provided in year	682
Provisions not required written back	-
Provisions utilised in year	-
Balance as at 1 April 2020	852

The Office of the Secretary of State for Scotland has recognised an onerous lease of £852k for the Office's Edinburgh headquarters at Melville Crescent in Edinburgh due to the proposed move to the UK Government Edinburgh Hub. We expect to utilise the provision during the next financial year.

14. Contingent Liabilities Disclosed Under IAS 37

The Office of the Secretary of State for Scotland and Office of the Advocate General does not have any contingent liabilities.

15. Related-party Transactions

The Office of the Secretary of State for Scotland and Office of the Advocate General work closely with the Scottish Government and Ministry of Justice from where the majority of staff are loaned. Advice and assistance were provided by both government bodies for some specialised areas where they have greater expertise, such as IT, accommodation and finance. Not all of these services were covered by Service Level Agreements during the year.

Under IAS 24 Office of the Secretary of State for Scotland and Office of the Advocate General Board members have no related-party transactions to disclose.

In addition, the OSSS and OAG has a number of significant transactions with other government departments mainly the MoJ and SG who are regarded as related parties.

No minister, board member, key manager or other related parties has undertaken any material transactions with the department during the year. All compensation for senior management is disclosed in full in the Remuneration Report.

16. Entities within the departmental boundary

The entities within the boundary during 2019–20 were as follows:

List of entities analysed between:

Supply financed agencies	None
Non-departmental public bodies (executive and non-executive being listed under subheadings)	<i>The Boundary Commission for Scotland</i>
Others – Core Department	<i>Office of the Secretary of State for Scotland</i> <i>Office of the Advocate General for Scotland</i>

17. Events after the Reporting Period

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

In early 2020 the existence of a new coronavirus (COVID-19) was confirmed which has since spread across a significant number of countries, leading to disruption to businesses and economic activity, including significant disruption to the activity and future plans of all UK Government bodies. While the emergence of COVID-19 is not a post balance sheet event as it occurred before 31 March 2020, the potential financial impact from developments after the yearend have been considered, from our assessment we have not identified any financial impact on the 31 March 2020 financial position.

PUSofS Douglas Ross MP resigned on the 26 May 2020 and was subsequently replaced by Iain Stewart MP and David Duguid MP.

Chapter 4: Public Expenditure Financial Tables

Table 1 - Spending by Office of the Secretary of State for Scotland & Office of the Advocate General & Scottish Government 2014-15 to 2019-20

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Outturn ⁽⁷⁾	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Office of the Secretary of State for Scotland & Office of the Advocate General Expenditure								
Resource expenditure within Administration Costs	7,771	8,731	9,738	9,092	9,573	9,803	10,684	10,187
Other resource expenditure	80	135	539	362	233	430	268	468
Non voted election expenditure	11,152	13,647	198	13,092	-	-	-	-
Office of the Secretary of State for Scotland & Office of the Advocate General Resource ⁽²⁾	19,003	22,513	10,475	22,546	9,806	10,233	10,952	10,655
Office of the Secretary of State for Scotland & Office of the Advocate General Capital	53	225	45	76	11	50	343	50
Office of the Secretary of State for Scotland & Office of the Advocate General Resource + Capital DEL ⁽²⁾	19,056	22,738	10,520	22,622	9,817	10,283	11,295	10,705
<i>less depreciation & impairments</i>	<i>(20)</i>	<i>(29)</i>	<i>(60)</i>	<i>(58)</i>	<i>(24)</i>	<i>(30)</i>	<i>(40)</i>	<i>(60)</i>
Office of the Secretary of State for Scotland & Office of the Advocate General DEL ⁽³⁾	19,036	22,709	10,460	22,564	9,793	10,253	11,255	10,645
Scottish Government Expenditure (The Scottish Block) ⁽⁶⁾								
Scottish Government Resource (Before Block Grant Adjustment)	26,372,507	26,828,335	26,874,496	27,481,577	28,677,384	30,205,811	29,924,334	34,578,972
<i>less Block Grant Adjustment</i>	<i>0</i>	<i>(494,000)</i>	<i>(5,500,000)</i>	<i>(12,539,000)</i>	<i>(12,430,033)</i>	<i>(12,193,079)</i>	<i>(12,193,079)</i>	<i>(9,024,220)</i>
Scottish Government Resource ⁽⁶⁾	26,372,507	26,334,335	21,374,496	14,942,577	16,247,351	18,012,732	17,731,255	25,554,752
Scottish Government Capital	3,288,989	3,163,543	3,246,158	3,623,540	3,849,858	4,431,690	4,260,037	5,498,220
Scottish Government Resource + Capital DEL ^{(3) (5)}	29,661,496	29,497,878	24,620,654	18,566,117	20,097,209	22,444,422	21,991,292	31,052,972
<i>less depreciation & impairments</i>	<i>(752,952)</i>	<i>(771,459)</i>	<i>(778,679)</i>	<i>(768,775)</i>	<i>(1,513,209)</i>	<i>(1,145,715)</i>	<i>(1,014,754)</i>	<i>(1,145,715)</i>
Scottish Government Total DEL ^{(3) (5)}	28,908,544	28,726,419	23,841,975	17,797,342	18,584,000	21,298,707	20,976,538	29,907,257

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments.

(3) Resource + capital - depreciation & impairments (includes Student Loans impairments).

(4) 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.

(5) DEL figures for outturn years have been adjusted to reflect subsequent budgeting changes.

(6) From the 2015 Spending Review, Office of the Secretary of State for Scotland & Office of the Advocate General expenditure no longer forms part of the Scottish Block.

(7) Office of the Secretary of State for Scotland & Office of the Advocate General outturn data represent final outturn and will accord with the accounts published elsewhere in this document. The Scottish Government data shows provisional outturn as the Scottish Government have yet to finalise their accounts.

(8) Resource and Capital figures for all years reflect classification change of Research & Development (R&D) expenditure from resource to capital (ESA 10).

Table 2 - Cash grant paid to the Scottish Consolidated Fund 2018-19: Provision & Final Outturn

	Original Provision £million	Final Provision £million	Final Outturn £million
Expenditure Classified as Departmental Expenditure Limit ⁽²⁾	19,392	20,727	20,097
Expenditure Classified as Annually Managed Expenditure	4,930	5,335	6,860
Expenditure Financed by Scottish Taxes	12,802	12,802	12,866
Expenditure Financed by Capital Borrowing	450	450	250
Drawdown from the Scotland Reserve	-	250	272
Non Domestic Rates	2,636	2,636	2,636
Total Managed Expenditure	40,210	42,200	42,981
Adjustments to cash requirement			
Non-budgetary cash items	152	144	144
Depreciation and Impairments	(1,205)	(1,923)	(1,788)
Other Cash to accruals adjustments	(3,837)	(4,318)	(5,579)
Non Domestic Rates Income	(2,636)	(2,636)	(2,636)
National Insurance Fund Payments towards Scottish NHS	(2,107)	(2,143)	(2,143)
Income from Scottish Taxes	(12,809)	(12,809)	(12,873)
Repayment of Principal on Loans	7	7	7
Capital Borrowing	(450)	(450)	(250)
Change to balance held in Scottish Consolidated Fund	-	(195)	(16)
Cash Grant payable to Scottish Consolidated Fund by Office of the Secretary of State for Scotland ⁽³⁾	17,324	17,877	17,848

Notes

⁽¹⁾ Totals may not sum due to rounding

⁽²⁾ Resource and capital DEL including depreciation - Scottish Block Grant

⁽³⁾ Scotland Act 1998, Section 64 (2)

**Table 3 - Cash grant paid to the Scottish Consolidated Fund 2019-20:
Provision and Provisional Outturn**

	Original Provision	Final Provision	Provisional Outturn
	£million	£million	£million
Expenditure Classified as Departmental Expenditure Limit ⁽²⁾	21,935.800	22,444.422	21,991.292
Expenditure Classified as Annually Managed Expenditure	5,184.150	5,859.434	5,732.510
Expenditure Financed by Scottish Taxes	12,416.652	12,404.707	12,374.667
Expenditure Financed by Capital Borrowing	450.000	450.000	405.000
Drawdown from the Scotland Reserve	-	428.800	428.800
Expenditure Financed by Non Domestic Rates	2,853.000	2,853.000	2,853.000
Total Managed Expenditure	42,839.602	44,440.363	43,785.269
Adjustments to cash requirement			
Non-budgetary cash items	150.270	117.540	117.540
Depreciation and Impairments	(1,245.340)	(1,269.810)	(1,163.933)
Other Cash to accruals adjustments	(4,421.300)	(5,476.065)	(5,044.879)
Non Domestic Rates Income	(2,853.000)	(2,853.000)	(2,853.000)
National Insurance Fund Payments towards Scottish NHS	(2,213.510)	(2,239.578)	(2,239.578)
Income from Scottish Taxes	(12,431.000)	(12,431.000)	(12,400.960)
Repayment of Principal on Loans	14.348	26.293	26.293
Capital Borrowing	(450.000)	(450.000)	(405.000)
Change to balance held in Scottish Consolidated Fund	-	-	42.717
Cash Grant payable to Scottish Consolidated Fund by Office of the Secretary of State for Scotland ⁽³⁾	19,390.070	19,864.743	19,864.469

Notes

(1) Totals may not sum due to rounding

(2) Resource and capital DEL including depreciation - Scottish Block Grant

(3) Scotland Act 1998, Section 64 (2)

Table 4 - Cash grant paid to the Scottish Consolidated Fund 2020-21: Provision

	Original Provision £m
Scottish Block Grant ⁽²⁾	31,052.972
UK Government Funded AME	5,877.600
Expenditure Financed by Scottish taxes	12,128.750
Expenditure Financed by Capital Borrowing	450.000
Expenditure Financed by Non Domestic Rates	2,790.000
Total Managed Expenditure	52,299.322
Adjustments to cash requirement	
Non-budgetary cash items	150.462
Depreciation and Impairments	(1,245.715)
Other Cash to accruals adjustments	(5,129.800)
Non Domestic Rates Income	(2,790.000)
National Insurance Fund Payments towards Scottish NHS	(2,300.100)
Income from Scottish Taxes	(12,180.690)
Repayments of Principal on Loans	51.940
Capital Borrowing	(450.000)
Cash Grant payable to Scottish Consolidated Fund by Office of the Secretary of State for Scotland ⁽³⁾	28,405.419

Notes

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation - Scottish Block Grant

(3) Scotland Act 1998, Section 64 (2)

