Scotland Office
and
Office of the
Advocate General for Scotland

Annual Report and Accounts 2024-25
(For the year ended 31 March 2025)

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Chapter 1: The Performance Report

Foreword by the Secretary of State for Scotland

I am delighted to present the 2024-25 Annual Report and Accounts for the Scotland Office and the Office of the Advocate General for Scotland (OAG).

The election last year heralded a new era for the Scotland Office. An era of delivery.

Scots want their two governments to work together to increase living standards and improve public services. Under my leadership, that is what the Scotland Office is determined to do. Since the election last July, I have reformed and restructured the department, so it can deliver the government's missions for Scots. This new direction for the Scotland Office has four strategic priorities: economic growth, clean energy, Brand Scotland and tackling poverty. I would like to thank officials across the department for how they have worked tirelessly to deliver this change.

This new Scotland Office is the UK Government's delivery arm for Scotland and Scotland's window to Whitehall. We are delivering economic growth with a purpose: to reduce and, one day, eradicate the poverty which scars our communities. Taking advantage of our enormous clean energy potential and our world class brand to get there. This started in earnest last year, as the Autumn Budget 2024 delivered £750,000 for Brand Scotland; and a further £2.25 million was secured in the Spending Review 2 settlement. This is a fantastic opportunity to promote all that is great about Scotland around the world, and show investors the opportunities of Scotland.

I am proud of how the UK Government has begun fixing the foundations, delivering our Plan for Change and started to turn things around for Scotland. This includes UK Government funding for local and regional growth projects across Scotland reaching £1.7 billion at the Spending Review in June, the biggest upgrade in workers' rights in a generation, an industrial strategy to make sure we can take advantage of the jobs of the future and GB Energy, publicly owned, headquartered here in Scotland. Furthermore, the Glasgow City Region was chosen as one of the priority investment areas for the National Wealth Fund.

Since the election, the UK Government has been working at pace to deliver a long term, sustainable future for Grangemouth following the closure of oil refining operations at the industrial cluster. Earlier this year, the Prime Minister announced that we will allocate £200 million from the National Wealth Fund to drive investment in a viable industrial future for Grangemouth, and the Prime Minister has asked me and the Scotland Office to lead the Government's response to making this happen. That £200 million is a signal that this government does not see Grangemouth as a political problem to be solved, but a huge opportunity for industrial renewal.

We have reset relations with the Scottish Government and have worked together in the best interests of the people of Scotland, including on Grangemouth, the Commonwealth Games that will be hosted in Glasgow in 2026, and the continued successful delivery of the City Region and Growth Deal programme. The signing of City Region and Growth

Deals for both Falkirk & Grangemouth and Argyll & Bute means that every part of Scotland is now benefiting from a share of £1.5 billion UK Government investment. The Scotland Office continues to work in collaboration to maintain and update the Scottish devolution settlement and has delivered the largest budget settlement for the Scottish Government in the history of devolution.

The election of a new Government in July 2024 resulted in changes across the Scotland Office Ministerial, Official, and Non-Executive Director teams. I would like to place on record my sincere thanks and appreciation to Tom Harris, for his work as the Scotland Office and OAG Lead Non-Executive Director, and welcome Susan Deacon to this role. In addition, am also pleased to welcome Catherine MacLeod and Andrew Kerr to their roles as Non-Executive Directors following their appointment to the Board on 22 April 2025. They join the current NEDs, Martin Dorchester and Stuart Patrick as Non-Executive Board Members. My thanks go to each of them for their continued commitment and contribution to the effective management of the Scotland Office and OAG.

I would also like to thank Laurence Rockey, who stood down as Director of the Scotland Office in April 2025, for his contribution and leadership, and wish him all the best for the future.

We have recently announced the incoming Scotland Office Director Fiona Mettam. I look forward to welcoming Fiona to the Scotland Office and to working with her when she joins the department on 1 August. I welcome Anna Macmillan to her new role as Deputy Head of Office and thank her for having guided the Office as Interim Director since April. I also look forward to continuing to work with my ministerial team, Kirsty McNeill MP, and officials at the Scotland Office in the year ahead to deliver the government's missions for the people of Scotland.

The Rt. Hon. Ian Murray MP
Secretary of State for Scotland

Foreword by the Advocate General for Scotland

It is with great honour that I present this foreword to the first annual report since my appointment as Advocate General for Scotland. As a Law Officer and principal legal adviser on Scots law to the UK Government, I am deeply aware of the responsibilities that come with the role. I will discharge those responsibilities with rigour, underpinned by a commitment to promote and uphold the rule of law, the importance of which I had the privilege of highlighting in my maiden speech in the House of Lords.

I extend my gratitude to the dedicated OAG officials for their unwavering commitment to delivering quality legal advice, drafting, and litigation services that support the UK Government's objectives. I also want to acknowledge the leadership of OAG Director, Neil Taylor, and his Senior Leadership Team. Throughout this report, you will find evidence of the contribution OAG makes to delivering for the people of Scotland. Since my appointment, I have been continually impressed by the dedication of officials, who provide exceptional legal services to UK Government departments on matters of Scots law and the devolution settlement. My Office's involvement in Westminster Bills exemplifies our role as a vital conduit, ensuring the smooth functioning of legislation as a matter of Scots law.

Taking up the role of Advocate General has also reaffirmed my belief in the Scotland Act 1998 as an exceptional piece of legislation, which has served us well for over 25 years. We have continued to deliver in examining the legislative competence of Bills passed by the Scottish Parliament, ensuring that devolution remains healthy and robust. This critical function underscores our commitment to maintaining the integrity of devolution, and I am grateful to OAG officials for their diligence in this regard. Our collaboration with Scotland Office and other departments has been instrumental in that pursuit.

As one of the three UK Government Law Officers, I am eager to continue the strong partnership with the Attorney General and the Solicitor General for England and Wales as we navigate pressing legal issues, including matters of international law. I look forward to continuing to play a pivotal role with the support of my Office in scrutinising and supporting the UK Government's legislative proposals as they progress through Parliament. Officials in both my Office and the Attorney General's Office, working together, have made a crucial contribution to the delivery of this Government's successful legislative agenda.

I would also like to take this opportunity to express my appreciation to the dedicated OAG litigation teams who have worked diligently on numerous cases over the past year. Some go unremarked on, while others are extremely high profile (such as the recent Winter Fuel Payments litigation). All are important, and demonstrate our commitment to the highest possible standards when litigating on behalf of the Government in the Courts and Tribunals of Scotland.

Resetting the relationship between Scotland's two governments has been a priority for this Government since coming to office. Just as the Prime Minister demonstrated his commitment to working collaboratively with the Scottish Government, I prioritised an initial meeting with the Lord Advocate and Solicitor General for Scotland following my appointment. I firmly believe that close collaboration between our governments is essential for the effective advancement of the rule of law and the devolution settlement. Moreover, I was extremely pleased to be able to contribute to the Annual Conference of the Government Legal Service for Scotland, which highlighted the exceptional legal work being undertaken across both Governments.

While often present in London, I am primarily based in Scotland, a decision that reflects my commitment to equality, diversity, and inclusion. This arrangement reflects that this is a family-friendly and modern government, leading by example in the interests of all its citizens. It also allows me to remain rooted in the jurisdiction in respect of which I am the Government's principal legal adviser.

As I look forward to the year ahead, I am excited about embracing the opportunities available and resolute in facing the challenges that lie ahead, guided by a strong commitment to the rule of law.

I would like to reiterate my gratitude to all the civil servants and officials in my department who have worked tirelessly to support me. Together, we will ensure that Scotland's legal interests are firmly represented within and by this Government, and we will continue to work diligently to advance our collective aims.

Catherine Smith KC
Advocate General for Scotland

Foreword by the Interim Director of the Scotland Office

It is a great privilege to be presenting the 2024-25 Scotland Office and Office of the Advocate General (OAG) Annual Report and Accounts. I would like to start by extending my gratitude to Laurence Rockey, Director of the Scotland Office from 2020-25, and pay tribute to the achievements of both him and the team across the Scotland Office over the last five years. Under his leadership, the profile and role of the Scotland Office grew significantly, and I am sure I speak for colleagues across Scotland and in Whitehall in thanking him for his work to deliver for communities across Scotland.

The last year saw the arrival of a new government, and I am immensely proud of the dedication and commitment of civil servants across the department in supporting the Ministerial team since the election and reorienting our work to their priorities.

Out of the many achievements since the election, I would like to draw attention to the key role that the Scotland Office played in bringing 19 female Afghan medical students to Scotland. Working together with the Linda Norgrove Foundation and the Scottish Government, we were able to ensure their safe arrival, and their ability to continue their medical studies at universities across Scotland.

We have secured investment across all parts of Scotland, from Stromness to Selkirk: This includes UK Government funding for local and regional growth projects across Scotland reaching £1.7 billion at the Spending Review in June. The Scotland Office also became a spending department this year, being awarded £750k at the Autumn Budget 2024 to deliver Brand Scotland. A further £2.25 million was secured in the Spending Review 2 settlement. This will support economic growth and promote Scottish culture, products and services through diplomatic and trade networks.

I would like to add my thanks and appreciation to Laurence Rockey who departed as Scotland Office Director in April 2025, and to thank Ministers and colleagues for all their

Kirsty McNeill welcomes the nineteen Afghan students at Edinburgh Airport, alongside Jenny Gilruth, Cabinet Secretary forv Education in the Scottish Government, and Lorna and John Norgrove.

help and support as I took on the role of interim Director. I am very much looking forward to welcoming Fiona Mettam to the post of Director from 1 August when I will take up a new role as Deputy Head of Office. I look forward to working closely with the management team as they offer invaluable insight, advice and challenge to the Department in the year ahead.

Finally, I would like to say thank you to all my colleagues across the Scotland Office for their work and dedication over the last year in delivering for people and businesses across Scotland.

Anna Macmillan
Interim Director, The Scotland Office

Departmental Overview

Queen Elizabeth House, the UK Government's headquarters in Edinburgh

Part 1: The Scotland Office

The Scotland Office supports the Secretary of State in promoting the best interests of Scotland within a stronger United Kingdom. It ensures the people of Scotland are fully and effectively represented at the heart of the UK government, and the UK government's work is seen and felt in Scotland.

Scotland Office Vision and Mission Statement

For 2024-25, the Scotland Office delivered against three objectives, set out as part of the Outcome Delivery Plan process:

1. **Deliver programmes to support regional economic growth, implement the Industrial Strategy, and promote 'Brand Scotland' overseas.**

2. **Ensure Scotland is at the centre of the Clean Energy mission and UK Government work to tackle poverty.**

3. **Demonstrate UKG is delivering for Scotland by ensuring that mission outcomes are seen and felt in Scotland and by working with the Scottish Government.**

Scotland Office Performance Overview 2024-25

With a General Election and the spending review happening during the reporting period, some of the outcomes the department measures have been under development for parts of the financial year. Nonetheless, the Office has a number of Priority Outcomes agreed as part of the 2025/26 Spending Review process (which took place in Autumn 2024). These are set out below alongside reports on performance over the 2024-25 reporting year. The department has also been restructured around four strategic priorities: economic growth, clean energy, Brand Scotland and tackling poverty. This also provides the department with the foundations for supporting the delivery of mission-led government and the Plan for Change in Scotland. The Outcome Delivery Plan (ODP) framework was introduced across government in 2020-21 and UK Government departments have reported against this performance management framework since 2021-22.

Priority outcomes

Priority outcome 1: Deliver programmes to support regional economic growth, implement the Industrial Strategy, and promote 'Brand Scotland' overseas.

Ian Murray visits the Heriot-Watt campus in Putrajaya, Malaysia during his Brand Scotland visit to Malaysia and Singapore, November 2024.

Performance Evaluation

Delivering programmes to support economic growth, implementing the Industrial Strategy and promote 'Brand Scotland' overseas are key missions of the department and this work has delivered at pace this year.

To support economic growth, the department is focussed on increasing disposable income and ensuring an equitable distribution of income growth in Scotland. Growth Deals were signed for Falkirk and Grangemouth and Argyll and Bute this year, meaning that every part of Scotland is benefitting from our City Region and Growth Deal programme. The Autumn Budget 2024 also confirmed a total of £1.4bn of direct UK Government investment in dozens of local growth projects right across Scotland - including £160m each for the North East Scotland and Glasgow City Region Deal Investment Zones, £26m each for the Forth and Cromarty Firth Green Freeports, and £200m to regenerate 10 Scottish towns from Dumfries to Kirkwall. The Scotland Office is playing a key role in ensuring our new Industrial Strategy works for Scotland.

The signing of the Falkirk and Grangemouth Growth Deal, October 2024.

The Scotland Office has also begun delivering the Brand Scotland programme. Through this programme we will broaden Scotland's export base, increase export volume, and contribute to the value of foreign direct investment in Scotland. The first visit was to Norway in November 2024 to support the Type 26 campaign and clean energy objectives.

This was followed by a visit to Malaysia and Singapore later that month where the Secretary of State engaged on defence, energy, and higher education.

These visits have produced a wide range of media and digital communications around growth and identified promising opportunities to attract investment into Scotland, underlining the importance of securing inward investment and supporting Scottish exports.

Priority outcome 2: Ensure Scotland is at the centre of the Clean Energy mission and UK Government work to tackle poverty.

Performance Report

The Scotland Office is ensuring that Scotland is at the centre of the Clean Energy mission and UK Government work to tackle poverty.

Scotland is at the very heart of the UK government's drive to make the UK a clean energy superpower. The Scotland Office is working to increase the number of clean energy jobs and prioritise support for current oil and gas workers transitioning to new industries.

The Scotland Office has increased provision of public information on the UK Government in Scotland, through media, digital channels, visits and events including the announcement that GB Energy will be headquartered in Aberdeen, backed by a £8.3 billion UK Government investment. Furthermore, the Scotland Office supported the announcement of the first tranche of GB Energy funding in March for small scale solar panels on public buildings delivered £4.85 million for Scottish projects in Scotland.

The Secretary of State and organisational representatives on a visit to SSE Viking Windfarm in Shetland, September 2024.

As part of the Planning and Infrastructure Bill, the UK Government introduced reforms - developed in collaboration with the Scottish Government - to streamline the Scottish system for large scale energy projects in Scotland.

The Scotland Office has been working closely with the Scottish Government and other UK Government Departments to deliver a long term, sustainable future for Grangemouth following the closure of oil refining operations at Grangemouth. The Prime Minister recently announced £200 million of investment through the National Wealth Fund for new opportunities in Grangemouth, supported by the Scotland Office. Project Willow, a £1.5m report jointly funded by both the UK and Scottish Governments, published in March 2025, has set out nine options for a sustainable clean energy future for the site. And in addition, the UK and Scottish governments are investing £100m in the Falkirk and Grangemouth Growth Deal, delivery of which is overseen by the Scotland Office.

Tackling poverty is at the heart of the UK Government's mission to break down barriers to opportunity. The Scotland Office is committed to working across Scotland to increase incomes and tackle the root causes of poverty.

In March, Scotland Office Ministers hosted the Tackling Poverty Stakeholder Forum, which brought together Scottish poverty-focussed organisations alongside business leaders to discuss employability and barriers to long term employment. Ministers also hosted events at both Dover House and Queen Elizabeth House to celebrate the work of organisations such as Includem, as well as trade unions as part of May Day.

The Scotland Office is also focused on reducing and alleviating the effects of child poverty to improve children's lives now as well as tackle the root causes of child poverty in the long term. Scotland Office Ministers have played a vital role in ensuring that the work of the UK Government Child Poverty Taskforce (CPTF) is felt in Scotland and are committed to working with the Scottish Government on the implementation of the upcoming strategy. The Taskforce heard from Scottish child poverty charities, experts, parents and children via two Scotland-specific events in Glasgow.

Priority outcome 3: Demonstrate UKG is delivering for Scotland by ensuring that mission outcomes are seen and felt in Scotland and by working with the Scottish Government.

Performance Report

Since last year's election, officials across the UK and Scottish Governments continue to work in collaboration to maintain and update the Scottish devolution settlement. Our joint working has allowed us to identify and work on shared goals and opportunities that support the Government's plan for change including Grangemouth, the Commonwealth Games being hosted in Glasgow in 2026, and the continued successful delivery of the City Region and Growth Deal programme.

The Scotland Office also continues to support other UK Government departments to engage effectively with the Scottish Government, at both ministerial and official level and ensure mission outcomes are seen and felt in Scotland through effective communication with the public.

Commonwealth Games 2026 announcement in Glasgow

Maintaining and Upholding the Devolution Settlement

The department supports the delivery of a number of the UK Government's constitutional commitments.

This includes supporting departments to ensure that UK Parliament legislation takes account of the Scottish devolution settlement, and that the Sewel Convention is upheld, ensuring legislative consent of the Scottish Parliament is sought where the Legislative Consent Motion (LCM) process is engaged.The Scotland Office manages an ongoing programme of Scotland Act Orders to ensure the effective functioning of the devolution settlement, continues to oversee the implementation of the Scotland Act 2016 and Ministerial responsibilities under the settlement.

Prime Minister Keir Starmer and First Minister John Swinney at Queen Elizabeth House in Edinburgh at the Council of Nations and Regions, October 2024.

Scotland Act Order Programme

Scotland Act Orders are pieces of secondary legislation made under the Scotland Act 1998. They are used to implement, update or adjust Scotland's devolution settlement. There are a whole range of powers in the Scotland Act 1998 which can range from the very significant to those which are technical amendments to UK reserved legislation in consequence of an Act of the Scottish Parliament.

The Scotland Act Order Programme is vital in maintaining the effective functioning of the devolution settlement. Scotland Act Orders are coordinated by the Scotland Office and overseen by Scotland Office Ministers in the UK Parliament. The Scotland Act Order Programme can only be delivered with the agreement of both the UK and Scottish Governments and so the programme is strongly reliant on close, clear and frequent communication.

Between 1 April 2024 and 31 March 2025, ten Scotland Act Order were laid and made in the UK Parliament by the Scotland Office:

- *The Scotland Act 1998 (Increase of Borrowing Limits) Order 2024*
- *The Scotland Act 1998 (Agency Arrangements) (Specification) Order 2024*
- *The Social Security (Scotland) Act 2018 (Disability Assistance) (Consequential Modifications) Order 2024*
- *The Miners' Strike (Pardons) (Scotland) Act 2022 (Consequential Modifications) Order 2024*
- *The Bail and Release from Custody (Scotland) Act 2023 (Consequential Modifications) Order 2024*
- *The Scotland Act 1998 (Specification of Devolved Tax) (Building Safety) Order 2024*
- *The Scotland Act 1998 (Transfer of Functions to the Scottish ministers etc.) Order 2025*
- *The Social Security (Scotland) Act 2018 (Scottish Adult Disability Living Allowance) (Consequential Modifications) Order 2025*
- *The Social Security (Scotland) Act 2018 (Scottish Adult Disability Living Allowance) (Consequential Amendments) (No2) Order 2025*
- *The Moveable Transactions (Scotland) Act 2023 (Financial Collateral Arrangements and Financial Instruments) (Consequential Provisions and Modifications) Order 2025.*

Scotland Act 2016

The Scotland Office remains 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.

The Joint Ministerial Working Group for Welfare was established in February 2015 to provide a forum for discussion and decision-making to ensure the implementation of welfare and employment-related aspects of the Scotland Act 2016. Meetings are held biannually, with the most recent meeting held on 18th June 2025. The Scotland Office has worked hard to support the devolution of welfare powers under the Scotland Act 2016, and to support collaborative working between the Scottish Government and DWP, in the interests of all people living in Scotland.

In May 2024, the Scotland Office published the Eighth Annual Report on the implementation of the Scotland Act 2016. This provides an update on another year of progress in transferring powers devolved under the Scotland Act 2016 to the Scottish Parliament and Scottish Government and can be found at:

Eighth Annual Report on the implementation of the Scotland Act 2016 - GOV.UK

Part 2: Office of the Advocate General for Scotland

Delivery of Objectives in 2024-25

The Office of the Advocate General (OAG) set the following strategic objectives for 2024-25.

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.
- 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 for Work and Pensions and HM Revenue and Customs. We will support the Advocate General in discharging her 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.

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 Scotland Office.

The activity which OAG undertook in 2024-25 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 2024-25 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, including through the provision of training on devolution and Scots law.

The UK Government's legislative programme was again the subject of significant advice and support from OAG. 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. Support for Scotland Office and other departments on issues of legislative consent remain a central part of our work.

- Church of Scotland (Lord High Commissioner) Act 2025
- Commonwealth Parliamentary Association and International Committee of the Red Cross (Status) Act 2025
- Passenger Railway Services (Public Ownership) Act 2024
- Victims and Prisoners Act 2024
- Building Societies Act 1986 (Amendment) Act 2024
- Media Act 2024
- Post Office (Horizon System) Offences Act 2024
- Digital Markets, Competition and Consumers Act 2024
- Automated Vehicles Act 2024
- Armed Forces Commissioner Bill
- Border Security, Asylum and Immigration Bill
- Crime and Policing Bill
- Data (Use and Access) Bill
- Employment Rights Bill
- House of Lords (Hereditary Peers) Bill
- Great British Energy Bill
- Planning and Infrastructure Bill
- Product Regulation and Metrology Bill
- Public Authorities (Fraud, Error and Recovery) Bill
- Renters' Rights Bill
- Terrorism (Protection of Premises) Bill

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

We continue to see an increase in cases across the board, in particular in relation to Immigration & Asylum petitions for Judicial Review and statutory appeals and applications for leave to appeal to the Court of Session from the Upper Tribunal in relation to decisions made by the Department for Work and Pensions.

The types of cases that we have dealt with this year include a Petition for Judicial Review challenging the decision of the Secretary of State for Work and Pensions to means test Winter Fuel Payment in England & Wales. The Petitioners in that case argue that the decision made by the Minister for England & Wales has a direct impact in Scotland because of the subsequent reduction in the Scottish Block Grant.

This year we have also dealt with three Petitions for Judicial Review challenging decisions of the Secretary of State for Energy and Net Zero to issue consents to extract oil and gas from two oil and gas fields in Scotland. A recent English case in the Supreme Court provided that end use emissions are required to be considered when assessing whether consents should be granted in such circumstances. Because end use emissions had not been considered by the Minister when reaching his decisions, which were before the Court of Session, all parties agreed that the consents should be reduced. The Outer House of the Court of Session therefore ordered reduction of the consents, suspended until such time as new decisions can be made.

This year there was a reclaiming motion in relation to the petition for Judicial Review raised by Ragbir Singh and Others, challenging the lawfulness of section 11A of the Tribunal, Courts and Enforcement Act 2007 (2007 Act), which provides that specific decisions of the Upper Tribunal cannot be judicially reviewed by the Court of Session. The reclaiming motion focussed on whether the provisions of the 2007 Act were contrary to provision made in the Act of Union 1707, which provides for the Court of Session to remain in Scotland for all time coming. The Inner House of the Court of Session found in favour of the UK Government, and the reclaimers decided not to seek leave to appeal to the Supreme Court.

A breakdown of all of the cases in which the Advocate General has either appeared personally or been represented in since devolution can be found at:
Involvement in Cases - GOV.UK

HMRC Division has undertaken a broad range of litigation in the Scottish courts and tribunals throughout the year on behalf of His Majesty's Commissioners for Revenue and Customs. A particular highlight has been wins before the First-Tier Tribunal (Tax Chamber) in a group of complex track appeals centred around national insurance contributions avoidance in the oil and gas industry in the early 2000s, with over

£100m tax at risk, plus interest. HMRC was successful in both Scottish appeals and a third was settled following extensive consideration under HMRC's Litigation and Settlement Strategy, with the Division advising at every stage.

The Division has worked collaboratively with the Scottish Ministers' Civil Recovery Unit on a number of account freezing orders under the Proceeds of Crime Act 2002. One AFO resulted in the first application in the UK for compensation for loss arising from a frozen account. HMRC defended this successfully at the sheriff court and the matter

has now been appealed to the Inner House of the Court of Session, which will consider novel points of importance to a number of public authorities across the UK.

The Division has handled a number of VAT, duty and excise appeals with a focus on tobacco and alcohol duties. This included a significant settlement on a long-running alcohol warehouse case and sheriff court condemnation proceedings relating to the forfeiture of vehicles used for alcohol and tobacco smuggling.

On National Minimum Wage enforcement, the Division successfully represented HMRC at the Employment Appeal Tribunal in a landmark case relating to employee contributions to a holiday fund.

Aside from litigation, the Division has advised HMRC on a broad range of Scots law matters including bankruptcy, liquidation, partnerships and trusts.

Objective 3: Strengthening and Sustaining the Union

OAG undertook a variety of work in 2024-25 to support Scotland's continuing place within the UK, including work to support the reform of intergovernmental relations and effective working between the UK and Scottish Governments.

Objective 4: Helping to Ensure that Devolution Works

OAG's legislative, advisory and litigation work was critical to meeting this objective in 2024-25. 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 UK constitutional framework.

Additionally, OAG played a leading role, in close conjunction with the Scotland Office, in continuing to advise on Orders needed under the Scotland Act 1998. Ten Orders have been made by the Secretary of State or Privy Council in this reporting year. Six of those are Orders made under section 104 of the Scotland Act to make provision which is necessary or expedient in consequence of Acts of the Scottish Parliament. In addition, there have been a number of Orders made under other provisions which allow maintenance and adjustment of the devolution arrangements, including an Order which would allow the Scottish Parliament to create a new devolved tax in connection with building safety.

Work on implementation of the Scotland Act 2016 also continued. In particular OAG

continues to work with the Department of Work and Pensions and the Scottish Government to ensure that new devolved social security benefits interact appropriately with the reserved social security system and other passported benefits. In 2024-25, this included the roll-out of Scottish Adult Disability Living Allowance and Pension Age Winter Heating Payment.

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 governments that UK HMG 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 2024-25, the Advocate General was a member of the Parliamentary Business and Legislation Committee which manages the UK Government's legislative programme. The Advocate General also attended the Scottish Affairs Committee alongside the Secretary of State for Scotland and the Parliamentary Under-Secretary of State for Scotland in giving oral evidence on the work of the department.

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. OAG assessed and provided advice on the legislative competence of the 19 Bills of the Scottish Parliament that completed their passage in the course of 2024-25.

Throughout 2024-25, the Advocate General took part in a House of Lords debate on the rule of law where she gave her maiden speech. She also took several oral questions in the Lords on topics such as violence against women and girls and the Council of Nations and Regions.

Part 3: Sustainability Reporting

This sustainability report has been prepared in accordance with 2024–25 guidelines laid down by HM Treasury in 'Sustainability Reporting' published at:

https://www.gov.uk/government/publications/sustainability-reporting-guidance-2024-25

The Scotland Office is committed to minimising the impact we have on our environment and supporting the wider UK Government's Net-Zero commitment. Our approach encourages sustainable decision-making and establishes greener ways of working; increases inclusive staff engagement and communication of our ambitions; supports our building owners to meet Government targets and ensures people are making good choices; reduces waste, promotes recycling and sustainable repurposing of equipment, and greener procurement. Our ambition is to lead the way in sustainability within the UK Government, working with, and challenging, our colleagues and other departments.

Task Force on Climate-related Financial Disclosures Compliance Statement

The Scotland Office has complied with the GHG Emissions reporting element of the Metrics and Targets requirement of the Task Force on Climate-related Financial Disclosures (TCFD). The Scotland Office has not complied with the remaining Metrics and Targets and the Governance and Risk Management elements of the TCFD because we do not deem them a material risk to the department and we do not hold the relevant information due to the size and nature of the department.

Greening Government Commitments

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

Greening Government Commitments 2021 to 2025 - GOV.UK

The Scotland Office reports on the areas of the Government Greening Commitments set out in this table:

	2023-24	2024-25
Air Travel (CO2e tonnes)	75.42	41.86
Air Miles	291,080	161,593
Rail Travel (CO2e tonnes)	21.78	22.04
Rail Miles	381,551	386,248
Heating* (CO2e tonnes)	16.86	20.46
Electricity* (CO2e tonnes)	15.54	15.04
Waste* (CO2e tonnes)	1.91	2.73
Total CO2e Emissions (Tonnes)	131.51	102.13
Water Consumption* (Cubic Metres)	1,242	940
Paper (Reams)	145	100

* Information only available for Dover House, London. HMRC reports for Queen Elizabeth House, Edinburgh.

The Scotland Office and Office of the Advocate General for Scotland (OAG) are based in the modern UK Government Headquarters, Queen Elizabeth House, in Edinburgh that embraces the very latest in sustainable features and practices. The Scotland Office and OAG London Headquarters are based at Dover House, part of the Whitehall Campus, where an extensive 'Net-Zero Programme' is in place to upgrade buildings to meet environmental standards.

The Offices do not own and are not the sole occupants of either of their Headquarters in London or Edinburgh. Both buildings are shared with other UK Government departments. 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. The Scotland Office and OAG do not report on environmental protection and social responsibility as the work and remit of the Offices does not cover this area of policy.

The Scotland Office also continues to work with the UK Government's 'Places for Growth' initiative to relocate other UK Government Departments from existing sub-optimal estate to Government Hubs.

Carbon Reduction Commitment

The Scotland Office and OAG have put in place a number of measures necessary to adapt to future climate change.

The Offices 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: Financial Review for the Scotland Office and the Office of the Advocate General

In 2024-25 the Scotland Office spent £48.6 billion within Parliamentary Supply Estimates (Supplementary Estimate). The Scotland Office's own running cost outturn was £13.5 million and the payment to the Scottish Consolidated Fund totalled £48.6 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 £139 million from the National Loans Fund in 2024-25.

Movements in Estimate Provision During 2024-25

At the start of the year the department was voted £48.2bn in its Main Estimate. By the final Single Supplementary Estimate, this has increased by £2.498 billion due to an increase in the payment to the Scottish Consolidated Fund.

Explanation of Variances between Estimate and Net Resource Outturn

Department - Resource (Administration Costs)

Resource Spending in Departmental Expenditure Limits (RDEL)	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Scotland Office and Office of the Advocate General	13,263	13,818	555	4%

The underspend of £555k against the Supply Estimate is mainly attributable to lower than expected Legal costs within the department's core resource requirements.

Boundary Commission for Scotland - Resource (Programme Costs)

Resource Spending in Departmental Expenditure Limits (RDEL)	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Boundary Commission for Scotland	280	413	133	32%

The Boundary Commission for Scotland's underspend is made up of lower administrative, travel and subsistence costs as a result of fewer in person meetings held in year.

Grant payable to the Scottish Consolidated Fund and Scottish Rate of Income Tax (Non-Budget Costs)

Resource Spending in Departmental Expenditure Limit (RDEL)	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Grant payable to the Scottish Consolidated Fund	28,254,958	30,452,620	2,197,662	7%
Scottish Rate of Income Tax	20,305,182	20,305,182	-	0%
Total	48,560,140	50,757,802	2,197,662	7%

Grant payable to the Scottish Consolidated Fund

The sum of £2,197.7 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 2024-25. It is the responsibility of the Scotland Office to transfer funding from the Consolidated Fund to the Scottish Consolidated Fund monthly ensuring that the Scottish Government does not draw down funding in advance of need.

The Scotland Office 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's length bodies. The Scotland Office 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

The Scottish Rate of Income Tax (SRIT), identification of Scottish taxpayers and administering the tax are all matters for the UK Government and His 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 are added to the Scottish block grant.

Scotland Office and the Office of the Advocate General – Capital

Capital Spending in Departmental Expenditure Limit (CDEL)	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Scotland Office and Office of the Advocate General	44	50	6	12%

Summary of Key Terms in Government Budgeting

Departmental Resource budget covers the costs of the consumption of resources e.g. pay costs.

Capital budgets cover expenditure on new fixed assets e.g. Plant and machinery and equipment. Departmental Resource and Capital budgets are divided into:

Departmental Expenditure Limit (DEL) budgets are for expenditure which is within the department's control. Limits are set in the Spending Review and Departments may not exceed the limits set.

Annually Managed Expenditure (AME) budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Expenditure in AME is generally less predictable and controllable than expenditure in DEL.

The total Departmental Resource budget is the total of the resource DEL and resource AME budget. The total of the Departmental Capital budget is the total of the Capital DEL and AME budget.

Within the Resource budget there are separate administration controls set in the Spending Review:-.

Administration Budgets cover the costs of all central government administrations e.g. staff salaries and travel and subsistence costs.

Programme Budgets cover the costs of support activities that are directly associated with front line activities.

The Scotland Office and Office of the Advocate General does not have any AME budget. More information on the budgeting framework can be found at:
Consolidated Budgeting Guidance 2024-25

Statement of Financial Position

The net liabilities at 31st March 2025 are £1.614m (2023-24 £2.284m). The significant balances on the Statement of Financial Position are:

- Property, plant and equipment £0.205m . (This principally compromises of IT, equipment, furniture and fittings);
- Right of Use Assets of £4.732m. The lease contracts comprise leased buildings.
- Financial assets and liabilities are £2,151m (2023-24 £2,315m) The financial assets and liabilities are loans issued from the National Loans Fund (NLF) to the Scottish Government.
- The net liability position is caused by the nature of the government supply process.
- The accounts for 2024-25 have been prepared on a going concern basis, for further information please refer to note 1.1 in the accounting policies.

In 2024-25, one new loan totalling £139m was 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

	2024-25 £000	2023-24 £000
Net Resource Outturn (Estimates)	**48,573,684**	45,970,797
Adjustments to remove non budget items	(48,560,140)	(45,957,113)
Total Resource Budget Outturn	13,543	13,684
Of which		
Departmental Expenditure Limit (DEL)	13,543	13,684
Adjustments include		
Non Budget items*	48,560,140	45,957,113
Net Operating Costs (Accounts)	48,573,684	45,970,797

*Non Budget items are the Grant Payable to the Scottish Consolidated Fund and Payover of Scottish Rates of Income Tax to the Consolidated Fund. See Statement of Outturn against Parliamentary Supply SOPS1

Neil Taylor Director
Office of the Advocate General for Scotland, Interim Accounting Officer for the Scotland Office and Office of the Advocate General for Scotland

18th July 2025

Chapter 2: The Accountability Report

Director's Report

Scotland Office and Office of the Advocate General, Ministers and Directors

The Ministers and officials of the Scotland Office and Office of the Advocate General (OAG) who were members of the Joint Management Board at various times during 2024-25 are shown below:

Membership and Business of the Joint Management Board 2024-25

Ministerial - Previous Conservative Administration - Until July 2024
Chair – SofS Scotland, **Rt Hon. Alister Jack MP** (until July 2024)
Lord Cameron - PUSofS for Scotland (until July 2024)
John Lamont MP - PUSofS for Scotland (until July 2024)
Lord Stewart - Advocate General for Scotland (until July 2024)
Ministerial - Labour Government from July 2024
Chair - SofS Scotland, **Rt.Hon. Ian Murray MP**
Kirsty McNeill MP, PUSofS for Scotland
Catherine Smith KC - Advocate General for Scotland
Non-Executive Directors
Tom Harris - Lead NED (until 18 June 2024)
Stuart Patrick - NED and Chair of ARAC
Martin Dorchester - NED
Susan Deacon - Lead NED (from 22 April 2025)
Catherine MacLeod - NED (from 22 April 2025)
Andrew Kerr - NED (from 22 April 2025)
Senior Officials
Laurence Rockey - Director, SO (to 17 April 2025)
Anna Macmillan - Interim Director, SO (Temp. from 17 April 2025)
Neil Taylor, Director, OAG Interim Accounting Officer for Scotland Office and OAG (from 17 April 2025)

The Scotland Office and OAG Directors were supported by the Scotland Office Deputy Director for Policy and the Deputy Directors for Corporate Services, Governance and Finance and the OAG Head of Litigation, who attends all meetings of the Joint Management Board. Other Deputy Directors and officials attend meetings of the Board, as appropriate, in line with the agenda and the business tabled for discussion at that meeting of the Board.

Further information about the Non-Executive Directors is given later in this Chapter.

Our Corporate Performance

Underpinning the Offices' 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 2024-25, the three main indicators, adopted by the department, aimed at ensuring the provision of high quality and efficient services in dealings with the public, were as follows:

Target	Indicator	Performance in 2024-25
We will respond to ministerial correspondence within 20 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 20 working days.	The Scotland Office received 1089 pieces of correspondence and replied to 861 pieces (79%) within the target time in 2024-25. In comparison to 1380 pieces of correspondence and replied to 1307 pieces (95%) within the target time in 2023-24. OAG received 5 pieces of correspondence, 3 of which fell under 'no response required' and 2 that received a response, of which 1 (50%) was replied to within the target time in 2024-25. This is in comparison to 2023-24 when OAG did not receive any pieces of correspondence.
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 working days.	The Scotland Office received 214 FoI requests of which 212 (99%) were replied to within the 20-day target, either substantively or explaining the reason for an extension in 2024-25. This is in comparison to the Office receiving 268 FoI requests in 2023-24 of which 257 were replied to within the 20-day target (96%), either substantively or explaining the reason for an extension in 2023-24. OAG received 30 FoI requests in 2024-25 and 30 were replied to within the 20-day target (100%), either substantively or explaining the reason for an extension. This is in comparison to OAG receiving 44 FoI requests in 2023-24. 44 were replied to within the 20-day target (100%), either substantively or explaining the reason for an extension.
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 Scotland Office paid 92.7% invoices within five days in 2024-25. OAG paid 98.8% of invoices within five days in 2024-25. This is in comparison to the Scotland Office payment of 97.3% invoices within five days and OAG paying 98.9% of invoices within five days in 2023-24.

The percentage of correspondence that the Scotland Office replied to within the target time has dropped by 16% since 2023-2024. Whilst the overall amount of correspondence received in 2024-2025 was lower than in 2023-2024 as a consequence of the pre-election period and changes to recording methods, the office received significantly more ministerial correspondence in the second half of 2024.

For example, the Office received five-times the amount of correspondence from stakeholders in Quarter three of 2024 compared to the equivalent Quarter in 2023, all of which required bespoke ministerial responses. Additionally, officials were developing the policies of a new administration during this period, increasing the time needed to draft correspondence. These responses frequently depended on input from other government departments, who were facing similar pressures and often slower to respond.

The Scotland Office has reviewed processes and implemented a more robust system that uses automation to mitigate the impact of large influxes of correspondence going forward. We have also worked closely with the Cabinet Office's cross-government correspondence review to identify areas in which the correspondence process can be improved.

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, 194 out of 194 (100%) of written Parliamentary Questions tabled to the department were answered on time in 2024-25.

This is in comparison to, in total, 70 out of 70 (100%) of written Parliamentary Questions tabled to the department were answered on time in 2023-24.

	1 April 2024 to 31 March 2025		
	Total Received	No. within Target	% within Target
Commons Ordinary Written PQs	182	182	100%
Commons Named Day PQs	11	11	100%
Lords Ordinary Written PQs	1	1	100%
Total	194	194	100%

Ministers have also answered oral questions on many occasions in both Houses. The Scotland Office responded to Oral Questions in the House of Commons on 6 occasions during the reporting year 2024-25, on:

- 1 May 2024
- 4 September 2024
- 30 October 2024
- 4 December 2024
- 22 January 2025
- 5 March 2025

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 on the 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 Scotland Office has an agreement with the Scottish Government on the handling of requests for such information.

Information Management Assurance

Reliable and accurate information is crucial to proper decision making in the Scotland Office and OAG. 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 the Scotland Office's Executive Committee Corporate monthly meetings and periodic reports to the Offices' Audit and Risk Assurance Committee. There are periodic reviews by the Government Internal Audit Agency.

Scotland Office

The risk carried by the Scotland Office in this area is low since the Office does not handle significant quantities of personal or security information.

For the Scotland Office, this work continues to be supported by the Offices' Information Managers Working Group (IMs), represented by staff from across the department in data processing-related roles. During 2024-25 we have focused on enhancing the resilience and retaining corporate knowledge in the IM Working Group.

The IMs continue to support the Scotland Office on the implementation and relevance of the Scotland Office's Records Management Policy and processes. The IMWG ensures that these policies and processes reflect best practice and manage effectively the information the department holds and for which it has responsibility. As part of this work, the IMWG undertook team level audits to assess the compliance of the Scotland Office Records Management and Information Management Policy. The IMWG will also be supporting the delivery of the project to move the Scotland Office from Google to Microsoft I.T Systems.

OAG

OAG handles more personal information, in particular within its litigation functions, but the risk assessment remains low. All staff undertake regular training on data protection and information management requirements. In addition, staff handling litigation for HMRC are aware of and comply with additional statutory constraints relating to tax payer information.

OAG information is stored in Objective and managed as set out in the OAG Information Management Policy. The OAG Information Group, which has representatives from most divisions, deals with Freedom of Information (FOI) requests and Subject Access Requests (SAR) sent to OAG and manages GDPR compliance.

Data Protection

The Offices have followed best practice and comply with central government data protection requirements and data protection legislation. The Offices fully comply with the General Data Protection Regulations (UK GDPR).

The Offices are linked into central UK Government networks, such as the Data Protection Officers Network meetings. The DPO Network meetings agree to 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.

During the 2024-25 reporting year, there were two reported data protection breaches under the Offices' Data Protection Policy. Each case was reported timeously to the Information Commissioner's Office (ICO). At the time the Offices took all appropriate measures and mitigating actions under the Offices' Data Protection Policy and the General Data Protection Policy (GDPR) in relation to this data protection breach. The ICO confirmed that it considered no further action was required beyond the measures already narrated in the report as having been taken or planned.

Anti-Fraud and Whistleblowing

The Offices have robust arrangements in place for the prevention and detection of fraud and are committed to the highest possible standards of openness, honesty, and accountability. Our arrangements follow the principles outlined in Managing Public Money and the Civil Service Employee Model Whistleblowing Policy.

The Offices' Whistleblowing Policy and processes will undergo a periodic review at the Audit and Risk Assurance Committee meeting on the 28 January 2026.

There were no whistleblowing instances recorded in the Scotland Office or OAG in 2024-25.

Health and Safety

The Offices recognise their obligations under Health and Safety at Work legislation for ensuring, so far as is reasonably practicable, the development of an effective health and safety regime.

There were no adverse health and safety issues reported during 2024-25.

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 2024-25 (together with data for 2023-24 and 2022-23) can be found in Chapter 4 of this report. Alongside this grant, the Scottish Government's funding in 2024-25 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 2024-25 was **£48,560,140,000**

Efficient Use of Resources

The bulk of the costs of the Scotland Office and OAG relate to staffing and associated expenditure linked to advisory and support functions for Ministers and other UK Government departments. Programme expenditure, excluding the block grant, is small and relates to the Boundary Commission for Scotland.

We are committed to achieving efficiency and effectiveness in all areas of our activities. Throughout 2024-25 the Offices have sought ways of making more efficient use of resources and reducing costs.

Shared Services with Other Government Bodies

The department receives some corporate services from other larger government bodies. These services are provided to the department 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 department is 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 department reimburses the Scottish Government, Ministry of Justice and Cabinet Office for the cost of the services they supply.

For the procurement of goods and services the department generally uses framework contracts negotiated by the Crown Commercial Service, the Ministry of Justice, Cabinet Office and the Scottish Government. Wherever appropriate, the department works with the Northern Ireland Office and the Wales Office to share expertise and provide cover for one another. Most significantly the Scotland Office and Wales Office have created a shared service function and joined the working of their financial support functions. The Northern Ireland Office; Scotland Office and OAG; and Wales Office use a shared Parliamentary Clerk 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 Scotland Office and the Office of the Advocate General (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 Scotland Office and Office of the Advocate General and of its income and expenditure, Statement of Financial Position 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;
- Make judgements and estimates on a reasonable basis;
- 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
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed Neil Taylor Director of the Office of the Advocate General, OAG as Interim Accounting Officer of the Scotland Office and Office of the Advocate General.

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 Scotland Office and OAG, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Scotland Office and Office of the Advocate General's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Neil Taylor
Director OAG, Interim Accounting Officer, The Scotland Office
and Office of the Advocate General for Scotland

Neil S Taylor

18th July 2025

Governance Statement

Introduction

This Governance Statement covers the whole of the period from 1 April 2024 up until the approval of the Financial Statements. I sought assurance from Ministers, the Audit and Risk Assurance Committee, Internal Audit and senior staff in both the Scotland Office and the Office of the Advocate General for Scotland (OAG). 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 across the Scotland Office and OAG, and provide assurance on the stewardship of public resources for the whole of the year 2024-25.

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 Scotland Office 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 management of the Scotland Office 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 Scotland Office and OAG at Ministerial and official level, along with Non-Executive Directors.

The Board has chosen for its subcommittees to carry out some of its activities. There are four sub-committees that support the work of the Board in this way: the Executive Committee and Senior Leadership Teams for the Scotland Office and OAG; the Scotland Office and OAG Audit and Risk Assurance Committee and the OAG JMB sub-committee. The ARAC reviews the comprehensiveness of assurances and integrity of financial statements, and ensures that governance arrangements are sufficiently scrutinised.

The General Election on the 4 July saw a change in Government and membership of the Offices' JMB. The changes to the membership of the JMB can be found detailed at the start to Chapter 2, The Accountability Report on page 30.

Following the departure of Laurence Rockey as Scotland Office Director and Accounting Officer to the Offices, on the 17 April 2025, Anna Macmillan became the Interim Director for the Scotland Office. Neil Taylor took on responsibility for the Interim Accounting Officer for the Scotland Office and OAG.

Following a recruitment campaign, Fiona Mettam was the successful candidate and will be joining the Scotland Office as Scotland Office Director from 1st August. In addition, a new post has been created, Deputy Head of Office which will be taken up by Anna Macmillan from 1 August.

The JMB complies with the Corporate Governance Code for Central Government Departments and the Offices' governance framework support the delivery of those objectives. A departure from the Corporate Governance Code is that, unlike other central UK 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 JMB; the Scotland Office Executive Committee; OAG Senior Leadership Teams; the Offices' Accounting Officer; and the Lead Non-Executive Director (NED).

There were no formal meetings of the Board between 1 April 2024 and the 31 March 2025. However, the JMB formally met on the 5 March 2024 and the 29 April 2025, with additional meetings of the Board being rescheduled due to the General Election being called on the 4 July 2024. Effective engagement outside of formal meetings of the Board continued throughout the 2024-25 reporting year.

The Non-Executive Board Members continued to provide advice on a number of occasions outside of meetings, most notably on the Offices' 2024 Civil Service People Survey results; the Scotland Office People Strategy; stakeholder engagement; communication strategies; the Offices' Business Plans and performance and risk management.

Due to the changeover in Lead Non-Executive Directors mid-way through the reporting year, the newly appointed Lead NED, Susan Deacon will undertake a Board Effectiveness Evaluation Review which will report to the meeting of the Board on the 20 October 2025. Further detail can be found in the Lead NED's Report at Annex A to this Chapter.

There have been no Ministerial directions during the 2024-25 reporting year.

The Board continues to receive written reports. For the Scotland Office and OAG: joint Office reports on finance. For the Scotland Office: update reports on: risk management: highlighting all risks to delivery of the Scotland Office Priority Outcomes; performance management; and corporate projects. Reports specifically relating to the work of OAG are tabled on performance relating to OAG workstreams and the management of risk to delivery of OAG objectives and the risk landscape in which OAG is operating.

The Board 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.

This delivers good quality data used by the Offices' JMB to make an assessment and challenge of the Offices' performance and progress of the trajectory of delivery against their business plans and the assessment and mitigation of the risks posed to that objective being achieved successfully.

I continue to be supported in this work, as well as the broader performance management responsibilities of the Offices' Joint Management Board, by the Offices' Non- Executive Directors, the Members of both the Scotland Office Executive Committee and OAG Senior Leadership Team and Senior Governance Team.

Laurence Rockey, the previous Scotland Office Director and Accounting Officer, departed the organisation after the end of the 2024-25 Financial Year end. I have received direct assurances from Laurence who has provided confirmation that he considered that the system of internal control for the Scotland Office and OAG has operated effectively for the 2024-25 Financial Year.

It is through their assurances, briefings and the work of the Offices' Audit and Risk Assurance Committee, that I am in a position to provide the appropriate and necessary assurances and sign off on the Offices' 2024-25 Annual Report and Accounts.

The papers that are tabled for the JMB and ARAC meetings underpin and reference the ongoing effective governance framework and allow me to cross reference reports from both internal and external function leads. All these assurances from Executive and Non-Executive functions of the Offices, are from those who were in post throughout the period of the 2024-25 reporting year.

The Scotland Office is responsible for one advisory Non-Departmental Public Body, the Boundary Commission for Scotland (BCS). The BCS has its own governance structure and produces its own annual report. The funding and costs for the BCS falls within the ambit of the Scotland Office and OAG vote, and as the Interim Accounting Officer, I am responsible to Parliament for its stewardship of public resources. The OAG is not responsible for any Arms-Length Bodies.

Various means are available to provide me with assurances about the BCS management of public resources. The reporting arrangement between the BCS and the Scotland Office has been embedded, and the ARAC have confirmed that this level of oversight by the Committee was sufficient. Officials from the Scotland Office and the BCS meet quarterly with a formal report on the activity of the BCS being presented to the ARAC twice a year. This report includes: membership changes; current and recent BCS boundary reports and reviews; and a financial management report. The discussion around the BCS report is detailed in the Committee minutes which are tabled for the Board at their meetings.

Membership and Business of the Joint Management Board and Audit and Risk Assurance Committee, 2024-25

Role	Number of ARAC meetings attended (Total of 5 in 2024/25)
Stuart Patrick - NED and ARAC Chair	5 (out of a possible 5)
Dermot Grenham - ARAC Member	5 (out of a possible 5)
Rachel Grant - ARAC Member	4 (out of a possible 5)
Laurence Rockey - Director, Scotland Office [Until 17 April 2025]	5 (out of a possible 5)
Neil Taylor, Director, OAG [interim SO and OAG Accounting Officer from 18 April 2025]	3 (out of a possible 5)

The Scotland Office and OAG Directors were supported by the Scotland Office Deputy Directors for Corporate Services and the OAG Legal Secretary who attends all meetings of the JMB. Other Scotland Office and OAG Deputy Directors and officials attend meetings of the Board, as appropriate, in line with the agenda and the business tabled for discussion at that meeting of the Board.

In 2024-25, there were:

- No formal JMB meetings;
- 11 monthly Corporate Meetings of the Scotland Office Executive Committee;
- 5 meetings of the Audit and Risk Assurance Committee;
- 5 meetings of the OAG Governance Group [approximately 6 times per annum, at about 6 weekly intervals]; and
- 1 meeting of the JMB OAG sub-committee.

The Joint Management Board and the Senior Leadership Teams 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
- People Survey Response and Organisational Cultural Change
- Corporate Projects

The greater part of the work of the Joint Management Board is delegated to the Offices' two Senior Leadership Teams. The Scotland Office and OAG Senior Leadership Teams 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 Audit and Risk Assurance Committee is to advise the Accounting Officer and provide assurances on the way that the Offices are being managed. The Audit and Risk Assurance Committee operates in accordance with the Treasury's Audit Committee Handbook and meets at least quarterly.

In the 2024-25 reporting year the Audit and Risk Assurance Committee met on 5 separate occasions. A separate report by the Chair of the Audit and Risk Assurance Committee on the Committee's work in 2024-25 can be found at Annex B to the Governance Chapter.

Officials of the: National Audit Office and Ernst and Young LLP who undertake the Offices' external audit function under contract from NAO; and Government Internal Audit Agency (GIAA), attend the Audit and Risk Assurance Committee. The GIAA provides internal audit services to the SO and the Office of the Advocate General.

Office of the Advocate General JMB sub-committee

The OAG JMB sub-committee has met once during 2024-25. Stuart Patrick, Non-Executive Director and ARAC Chair and Rachel Grant, Member of the ARAC, are the Non-Executive Members of the JMB OAG Sub-committee. The OAG Director, Neil Taylor, chaired the meeting of the OAG JMB sub-committee.

Register of Public Interest of Board members

The Offices maintain a register of Board members' interests, which contains details of company directorships and other significant interests held by Board members. A copy is published on GOV.UK and is updated on a quarterly basis ahead of each meeting of the Board. Any conflicts of interest with Board Members and the business under discussion is declared at the outset of meetings of the Board, and members excused from the agenda item concerned. The Scotland Office and OAG Directors and Secretary of State for Scotland, also review any potential conflicts of interest and the work of Board members, on a case by case basis.

Transparency returns for Scotland Office Ministers are published by the Scotland Office at:
Scotland Office Ministerial Transparency Return October-December 2024 - GOV.UK

and for Special Advisers:
Scotland Office Special Advisers Quarterly Transparency Return October-December 2024 - GOV.UK

The Scotland Office's processes for registering outside interests and employment apply to all Executive and Non-Executive Members of the Board and Committees and to all Senior Civil Servants working in the department. For those staff below the Senior Civil Service grades the declaration and management of interests is in line with MoJ and Scottish Government policies and the requirements of the Civil Service Management Code.

In line with the current Declaration of Interests Policy for Special Advisers, all Special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Interim Accounting Officer has considered these returns and the following relevant interests are set out in public:

John Cooper was a Scotland Office Special Adviser until 30/05/2024. Mr Cooper was a parliamentary candidate for the Dumfries and Galloway constituency in the General Election which was called on the 4 July 2024. Mr Cooper was recused from matters that related to his prospective constituency. The Scotland Office Director was in regular discussion with Mr Cooper to make sure any further issues of conflicts of interest were considered.

House of Commons

The Register of Members' Financial Interests can be found on the UK Parliament website:
House of Commons - UK Parliament

House of Lords

The Register of Lords' Interests can be found on the UK Parliament website:
House of Lords - UK Parliament

In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers. These rules apply to Civil Servants at SCS1/2 or equivalent grades, including special advisers of equivalent standing. The meetings of the Offices' ARAC include a standing agenda item for declarations of business appointments and none have been made in the 2024-25 reporting year.

Tom Harris - Lead Non-Executive Director - Tenure ended on 18 June 2024
Appointed: 14 October 2021. Tenure ended on the 18 June 2024.
Position/Interest: – Non-Executive Director of HS2 Ltd (2020 to 2024) – Member of the independent Advisory Board for the West Coast Partnership (April 2020 - present) – Senior counsel to Message Matters Ltd (public affairs company) – Associate director of Cogitamus Ltd (public affairs company)

Stuart Patrick - Non-Executive Director
Appointed: 15 September 2020
Position/Interest: Directorships held in private/public limited companies: – Chief Executive, Glasgow Chamber of Commerce – British Chambers of Commerce (Board Member) – Clyde Gateway Limited (Board Member) – City of Glasgow College (Board Member) Positions of authority held in charities/ voluntary bodies: – The Enterprise Foundation (Director) – Four Acres Charitable Trust (Chair)

Martin Dorchester - Non-Executive Director
Appointed: 15 September 2020.
Position/Interest: – Chief Executive of Includem. Positions of authority held in charities/ voluntary bodies in fields: – Coalition of Care and Support Providers (CCPS) (Vice Convener) Connections with voluntary, or other bodies: – Children in Scotland Strategic Forum (Member) – Scottish Leaders Forum (Member)

Susan Deacon - Lead Non-Executive Director
Appointed from 22 April 2025
Position/Interest: – Board Member, Home Group and Chair of Home Group Scotland Aug 2021 – Aug – Chair, Lothian Buses Ltd Aug 2024 – Aug 2026 – Trustee, British Gas Energy Trust May 2021 – May 2027 – Professorial Fellow and Special Adviser to Principal, University of Edinburgh (Part time Employment) April 2017 – Present

Andrew Kerr - Non-Executive Director
Appointed from 22 April 2025
Position/Interest: – NED on the Board of the National Society for the Prevention of Cruelty to Children - 2018 - Present. – NED on the Board of Sports Scotland – August 2025 – Present. – Trustee and Board Member of the Edinburgh Military Tattoo – 2023 – Present.

Joint Management Board Sub-Committees

The Joint Management Board has four sub-committees:

- Scotland Office Executive Committee;
- Office of the Advocate General Senior Management Team;
- Audit and Risk Assurance Committee; and
- Office of the Advocate General sub-committee.

Risk Management

As the Interim Accounting Officer, I have overall responsibility for the effective management of risk across the Scotland Office and OAG. The Scotland Office and OAG both have a Risk Management Framework, developed in consultation with Internal Audit and has been the subject of periodic review by the Scotland Office Executive Committee and the OAG SLT respectively, including an annual review by the ARAC.

These frameworks satisfy the requirements of the Management of Risk in Government published by the Cabinet Office. The Offices' Risk Management Framework includes a 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.

The Offices have continued to focus and work on the following aspects of risk management over the last year:

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

The Scotland Office have continued to focus and mitigate risk to delivery of priorities and Priority Outcomes in the following areas:

- Workforce strategy;
- Financial environment;
- Delivery; and
- Stakeholders.

The Scotland Office and OAG risk management policies and processes are proportionate to the size of the organisations. The Offices' Executive Committees and Senior Leadership Teams review the risk registers at their meetings and deep-dive into risks. Reports which report on the outcome of these discussions on the assessment and management of risks across both Offices, are submitted to the Board.

The Scotland Office and OAG have Risk Appetite and Tolerance Policies. Those policies help to embed the risk management frameworks across both Offices, making it explicit where the JMB has agreed different levels of risk tolerance according to the issues. Both the SO and OAG are aligned in the application and assessment of risk.

This gives assurance to the Board that SO and OAG Management are taking decisions within their levels of agreed risk appetite and tolerance - and where not - that the JMB has oversight and approval of any deviation from that agreement. The Board approved and signed off on the Offices' risk appetite and tolerance policies for risk across both the Offices.

Going forward into 2025-26, the key area of focus of the work of the Scotland Office during this period will be to ensure that the level of devolution capability is sufficiently high across the UK Government. The Scotland Office continues to support this work through effective communication campaigns and underpinning this work with a clear business plan in addition to a robust and effective governance framework.

Sources of Assurance

Review of Effectiveness

As the Interim Accounting Officer I have a number of sources of assurance, some internal, and some external to the Offices.

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 Scotland Office, and with the Scotland Office Deputy Directors and OAG SLT. This is delivered both through the regular meetings of the Scotland Office Senior Leadership Team, 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 Audit and Risk Assurance Committee. The Lead NED's Report is at Annex A to the Governance Chapter; and the Chair of the Audit and Risk Assurance Committee's report on its work in 2024-25 is at Annex B to this Chapter.

Internal audit services are provided to the Scotland Office and the Office of the Advocate General by the Government Internal Audit Agency [the GIAA]. A detailed report on the work of GIAA in 2024-25 is outlined in the ARAC Chair's report at Annex B to the Governance Chapter. Our auditors in the GIAA and in the National Audit Office 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.

External audit is provided by the National Audit Office on behalf of the Comptroller and Auditor General. This is the seventh reporting year in which NAO has contracted out auditing services to Ernst and Young LLP.

Government Functional Standards

The Scotland Office has reviewed its compliance with applicable Government Functional Standards. This review has shown that we are compliant with the minimum requirements.

The Comptroller and Auditor General's certificate and report on these accounts is at Page 69. I am very grateful to his staff for the advice they have given to the Offices and to the Audit and Risk Assurance Committee throughout the year. In addition to these departmental accounts the National Audit Office also audited the National Loans Fund accounts 2024-25.

Propriety and Assurance

In the Scotland Office, the Office of the Advocate General, and the Boundary Commission for Scotland, during 2024-25, 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
- Unauthorised use or disposal of assets

For the period of 2024-25 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 for Scotland, which affected the achievement of their policies, aims and objectives.

The Audit and Risk Assurance Committee (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.

Neil Taylor, Director OAG
Interim Accounting Officer, The Scotland Office and
Office of the Advocate General for Scotland

18th July 2025

Annex A: The Scotland Office and Office of the Advocate General Lead Non-Executive Director's Report

Composition

The 2024-25 reporting year saw the election of a new Government and changes across the Scotland Office Ministerial, Official, and Non-Executive Director teams. As a result, the membership of the Scotland Office ("the Office") and the Office of the Advocate General (OAG) Joint Management Board ("the Board" or "the JMB") has changed significantly. These changes are outlined in the Governance Statement at the opening to the Governance Chapter.

As the recently appointed Lead Non-Executive Director, I would like to place on record my sincere thanks and appreciation to Tom Harris, my predecessor in this role, for his work during his time on the Board, and wish him all the best for the future.

I would also like to thank Laurence Rockey, who stood down as Director of the Scotland Office in April 2025, for his contribution and leadership, and wish him well in his new role.

I am pleased to welcome Catherine MacLeod and Andrew Kerr to their roles as Non-Executive Directors following their appointment to the Board on 22 April 2025. They join the current NEDs, Martin Dorchester and Stuart Patrick as Non-Executive Board Members. As part of a phased transition, Martin Dorchester will stand down from the Board in September 2025 while Stuart Patrick will continue in his role as Chair of the Audit, Risk and Assurance Committee (ARAC) until his term of office ends in September 2026. My thanks go to each of them for their continued commitment and contribution.

Departmental Involvement of Non-Executive Directors (NEDs)

Since April 2025, there have been a number of briefing sessions and induction activities for myself and the other newly appointed NEDs, as well as several meetings with officials and all NEDs. A meeting of the JMB took place on 29th April 2025 and a schedule of meetings for 2025/26 is now being developed. NEDs have also provided advice and support to Ministers on a number of issues and have attended a range of stakeholder meetings and events.

Specific Areas of Focus for Lead NED in 2025-26

In order to support the Secretary of State in his role as Chair of the Board, as Lead NED I will be appraising the overall effectiveness of the Joint Management Board to consider how this might be further developed in the future.

This review will build on the effective governance framework already in place, and will identify where we can build on best practice and enhance the reporting, support and challenge function to deliver successful outcomes.

To continue to embed the work of the NEDs across the Offices in 2025-26, I will work with officials to develop a NED Engagement Plan, in line with the Cabinet Office Corporate Governance Code on the roles and responsibilities of NEDs on UK Government Boards, and will seek to ensure that each of the NEDs skill sets are used to best effect to support the work of the Offices.

Areas of focus will include:

- Internal Engagement across both the Scotland Office and OAG;
- Whitehall Networks and Portfolios;
- Stakeholder Strategy; and
- Key Policy Areas/Major Projects where NEDs can support teams, including in the preparation of reports and briefings to Ministers.

Working with Ministers, officials and non-executive colleagues, I will work to ensure that the expertise and value of NEDs can be fully utilised to support Ministers and the Executive in their work. In line with this, NEDs are participating in Ministerial Strategy Planning Sessions: to provide advice and challenge on strategy, delivery and the mitigation of risk. We will also look to continue the mentoring of individuals and support work streams across both Offices.

Internal Focus

The major focus in the 2025-26 reporting year for NEDs will be the development and strengthening of the JMB and its scrutiny and oversight of the operation of the Offices. Alongside this there will be a continuation and enhancement of the support and challenge function that the NEDs provide to Ministers and officials in relation to maintaining Scotland at the centre of UK Government policy making and investment; promoting and highlighting the work of the UK Government in Scotland; and enhancing devolution capability across Whitehall.

NEDs will continue to support the Scotland Office and OAG outside of formal Board meetings: to encourage continued focus on the delivery of Ministerial priorities; the development of the Scotland Office approach to the assessment of performance and outcomes; workforce planning; resourcing and resilience; and the Scotland Office Stakeholder and Communications Strategy - including the ongoing development of relationships and engagement with key stakeholder groups.

Role Across Whitehall and NED Networks

The cross-UK Government meetings of Lead Non-Executive Directors and Non-Executive Directors will continue to form an important part of the work of the NEDs in supporting the Scotland Office Ministerial priorities.

There will be a focus on raising awareness and building a shared understanding of Scotland's needs and wider devolution issues across Whitehall.

Conclusion

The Scotland Office and Office of the Advocate General have worked positively and constructively with the NEDs to facilitate our engagement in the work of each Office and to ensure that our expertise, experience and judgement is used to best effect.

Plans for the continued and ongoing development of the role of NEDs are being developed, with a view to ensuring that skills and expertise of the Non-Executive Directors continue to be fully utilised.

I very much look forward to taking this work forward with my non-executive colleagues; the Ministerial Team; the Interim Scotland Office Director, Anna Macmillan; and the incoming Scotland Office Director Fiona Mettam when she joins the department on 1 August.

Professor Susan Deacon CBE
Lead Non-Executive Director (from 22 April 2025)
The Scotland Office and Office of the Advocate General

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

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

Report for the year 2024-25 from the Chair of the Committee Introduction

This annual report of the Audit and Risk Assurance Committee ("the Committee" or "ARAC") covers the 2024-25 annual accounting cycle. The report is produced to support the Joint Management Board ("the JMB") and the Accounting Officer to have confidence that the JMB has 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 report has been prepared in accordance with the guidance given to Audit and Risk Assurance Committees by HM Treasury. This report provides a brief summary of the main activities of the Committee and the main issues it has addressed.

The Committee is satisfied that the systems in place in the Offices over 2024-25 in relation to: governance, risk and financial management were, in general, appropriate and fit for purpose.

Membership, Attendance and Reporting

The Committee is Chaired by Stuart Patrick, a Non-Executive Member of the Offices' JMB. In addition, there are two external Committee Members: Rachel Grant and Dermot Grenham.

Routinely in attendance at each meeting are: the Accounting Officer and Director of the Scotland Office; Director of the Office of the Advocate General; the Scotland Office, OAG and Wales Office Director of Finance and other senior members of the Offices' Executive Committees. 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 reports its work to the JMB through reports and Minutes of ARAC meetings, tabled at meetings of the JMB and presented to the Board by the ARAC Chair and the Accounting Officer. These reports form part of the Non-Executive Directors' update reports to the JMB.

Main Issues

The Audit and Risk Assurance Committee for the Scotland Office and OAG met 5 times from 1 April 2024 - 31 March 2025 to carry out its main business. The Committee met in: April 2024; June 2024; July 2024 [Extraordinary meeting of the ARAC]; November 2024; January 2025.

These meetings have continued to follow the ARAC Work Plan approved by the Joint Management Board which reflects and complies with the requirements for Audit Committees across the UK Government which are set out in the HMT ARAC Handbook.

The Committee's Terms of Reference and Annual Work Plan were reviewed by the Committee on an annual basis, and at each meeting of the Committee respectively, and approved by the Accounting Officer.

The Committee's regular business included the following items:

- A review of the Offices' financial performance;
- The Head of Internal Audit's update report, including reports of completed internal audit reviews and progress on management actions from internal audit reviews;
- Updates on external audit progress and issues;
- Risk reports and key risks reported on for each Office;
- Reviews of key risks; and
- Updates as required on proprietary issues.

Risk Management Report

The ARAC has paid particular attention to the evolution of the SO/OAG approach to risk management. Over the last reporting year this has included: supporting the Offices' Executive Committees in embedding the Offices' Risk Appetite and Tolerance Policy and making this part of business planning decision making processes. That policy helps to embed a risk management framework making it explicit where the JMB has agreed different levels of risk tolerance according to the issues.

The Offices have continued to enhance the mechanisms of reporting up of risk throughout the organisations. This includes tabling of a risk report that the SO and OAG Directors submit to ARAC each Quarter reporting on Executive Committee decisions in the Offices' risk landscape. This supports the ARAC Chair's report to the JMB each Quarter.

This provides effective and enhanced reporting from ARAC to the JMB and an enhanced awareness of the Board to the risks that the Offices are facing in the delivery of Ministerial Priorities.

In its work with both internal audit and external audit providers over the last reporting year, the Committee has sought to support the Accounting Officer and JMB to formulate their assurance needs.

The Committee has challenged management to consider how well these assurances actually meet the needs and requirements of the Offices, by gauging the extent to which assurance on the management of risk is comprehensive and reliable.

Annual Report and Accounts and External Audit

The Committee undertook a review of the draft 2024-25 Annual Report and Accounts with a particular focus on key judgements, accounting policies and the Governance Statement.The Committee discussed the findings of this review with those charged with governance in the Scotland Office and OAG. The Committee was satisfied with the explanations it received with regard to the Financial Statements and the Governance Statement with reference to the identification and management of risk. The Committee also had sight of the 2024-25 draft opinion of the External Auditors and noted their intention to issue an unqualified report.

External Audit has continued to be provided by the National Audit Office (NAO) during the year and sub-contracted to Ernst and Young LLP (EY).

The Committee considers the services provided by both NAO and Ernst and Young LLP to be of a high standard and provides an appropriate level of assurance to the Accounting Officer. Both NAO and Ernst and 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.

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.

The ARAC received reports at each of its Committee meetings in 2024-25 from the Government Internal Audit Agency covering delivery of the three-year SO and OAG Internal Audit Customer Plan. The Scotland Office and OAG continue to comply with the GIAA minimum sized audit plans for UK Government departments. The Committee regularly reviews the Offices' Internal Audit Plan to ensure this continues to be relevant against the Offices' risk landscape and is providing the SO Accounting Officer and the ARAC with an opinion of the adequacy and effectiveness of the systems of control within the Scotland Office and OAG.

The Committee Members meet with the GIAA outside of the formal ARAC meetings, on an annual basis, to review the current SO/OAG Internal Audit Customer Plan and to discuss the proposals for the areas and systems of control to be audited over the coming reporting year. This helps maintain the important synergy between the the role of ARAC and Internal Audit and to ensure the Committee supports the GIAA in its production of the GIAA Annual Opinion for the Governance Chapter in the SO/OAG Annual Report.

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 GIAA three-year Internal Audit Plan gives assurance that key controls are generally operating effectively.

At the Committee meeting on the 28 March 2023, the Committee approved the GIAA three-year Scotland Office and OAG Internal Audit Plan. The audit plan provides for coverage of three key risk areas per year with 35 days of audit coverage per annum. The Offices' three-year Internal Audit Plan is approved and signed off by the Head of Internal Audit at the GIAA to demonstrate that the audit plan provides sufficient assurances on key systems of control over this timeframe, whilst implementing a proportionate response for smaller organisations.

At its meeting with the GIAA in January 2025, the Committee Members advised that the internal audit plan for 2025-26 should be adjusted to include an audit of the systems of control for the provision of services from: 'Third Service Party Providers'. The Committee Members reflected on the political context and risk landscape in which the Offices were operating, and advised that additional assurances should be sought on the adequacy

and effectiveness of controls in this space. The ARAC signed off on the 2025-26 SO/OAG Annual Audit Plan at its meeting on the 2 April 2025.

Three audits have been completed in the 2024-25 Financial and Reporting Year: the audit of:

Quarter 1.Information Systems:
Information Security [SO and OAG]:
Completed: **Moderate rating;**

Quarter 2.Financial Systems:
Travel and Subsistence and Corporate Credit Card [SO and OAG]:
Completed: **Moderate rating**; and

Quarter 3.HR Systems:
Recruitment,Retention and Deployment. [SO and OAG]:
Completed: **Moderate rating**.

All recommendations made by the GIAA in their internal audit reports, are captured in a management progress implementation report which is presented to the Scotland Office Senior Leadership Team at their monthly meetings to track progress. This report is also presented to each quarterly meeting of the ARAC in order for the Committee to have oversight of implementation of GIAA recommendations throughout the reporting year.

In the 2024-25 reporting year, the GIAA made a total of 14 recommendations to management over the three internal audits [In comparison with 8 in 2023-24]. Out of these recommendations 3 are currently outstanding.

The Committee reviewed the Head of Internal Audit's Annual Report and noted the overall evaluation for 2024-25 of a rating indicating a Moderate Annual Assurance Opinion, which means although their work has identified some areas of weakness in control, these have not been pervasive and there is no evidence of a deterioration compared with the last three-years of internal audit by the GIAA.

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. In conclusion, the Offices' framework of governance, risk management and control is adequate and effective.

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. By the nature of this engagement, this takes place as and when this is needed. However, as a minimum, there is a meeting on an annual basis with the ARAC Members, internal and external audit, ahead of the meeting of the Committee that reviews the NAO and Ernst and Young LLP External Audit Report and Scotland Office and OAG Draft Annual Report and Accounts. The Terms of Reference provide for the Chair and members of the Committee, to have a right of free and confidential access to the Accounting Officer and, in extremis, the Secretary of State, and for the heads of external and internal audit to have free and confidential access to the Chair of the Committee.

Through these processes, the Committee can place reliance on the GIAA Annual Opinion on the overall adequacy and effectiveness of the Offices' governance, risk management and control processes. The GIAA Annual Opinion will be presented to the Committee at its meeting on the 9 July, and forms part of the assurances in my ARAC Chair's Report in the SO and OAG Annual Report.

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 and supports the Governance Statement and the integrity of the Annual Report and Accounts.

The Committee also considers that an effective system of risk management has been in operation throughout the year and all key risks have been actively addressed by the Offices.

Annual Effectiveness Review

The Committee continues to maintain an external quorate Committee membership with a good and broad breadth of skills and experience - in line with requirements in the HMT ARAC Handbook.

Throughout 2024-25, the Committee continued to: record its oversight of the Scotland Offices' Arms-Length Body, The Boundary Commission for Scotland; ensure the Joint Management Board officially approved the work of the Offices' ARAC by approving the Committee's Annual Work Plan; tabled a quarterly report detailing the work and reporting on risk management and levels of assurance across key systems of controls in the SO and OAG in an of the ARAC Chair's Report to the JMB. The ARAC Chair spoke to this paper at each meeting of the Board, officially capturing the Committee's oversight of counter-fraud and cyber-security risk work.

In 2025-26, the Committee will look at how to communicate its work and that of its Members to the wider Scotland Office and OAG.

An evaluation of the Committee effectiveness is scheduled to report to the October Committee meeting and is included in the ARAC 2025-26 Annual Workplan. The ARAC Effectiveness Evaluation undertaken in September 2023 covered performance in risk management; support to the Accounting Officer; Financial Reporting; providing challenge and assessing development needs for external ARAC Members. The Committee concluded that it was operating effectively across all these areas and ensured that it continued to embed the recommendations made from this review throughout 2024-25. These recommendations covered: membership; role and scope of the Committee; and Communication and reporting.

Committee Matters

As ARAC Chair, I continue to participate in cross-Government networks, including the UK Government ARAC Chair's Network. This allows for the sharing of best practice across government ARACs, and to explore solutions and approaches to shared issues that audit committees and departments are experiencing across government. Cyber-Security is an ongoing area of concern to the ARAC Chairs' Network which continues to assess this as a high-risk to the effective operation of Whitehall departments.

The ARAC ToR has been updated as part of an annual review to reflect the core principles of the work of a UK Government ARAC and ensures that these overarching principles feed through to the ToR and the Committee's Work Plan. In both documents we have sought to increase the level of reporting from ARAC to the JMB. The work plan aims for a good balance of work across ARAC meetings to cover: corporate governance; risk management; the effectiveness of internal controls; and financial reporting.

A further update to the ARAC Terms of Reference is being undertaken following the Committee meeting in April 2025 at which the GIAA tabled new GIAA internal Audit Standards for UK Government Departments.

This will have an impact on the role of the Committee to some extent and require oversight of implementation by the ARAC. Management is working with GIAA and the Committee to update the ARAC ToR. The ARAC ToR will be put to the JMB for approval and then published on Gov.UK.

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, and aligned with the ARAC Annual Work Plan, which is approved at the start of the year and subsequently at each meeting of the Committee. 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.

Stuart Patrick, CBE.
Chair, Audit and Risk Assurance Committee and Non-Executive Director
The Scotland Office and Office of the Advocate General

Remuneration and Staff Report
(This whole section and related tables have been subject to audit.)

Remuneration Report

The Remuneration and Staff Report summarises the remuneration of Ministers, Executive Board Members, Non-Executive Board Members (NEBMs) and staff; it also provides details of actual costs and contractual arrangements.

The Remuneration and staff report has been prepared in accordance with the requirements of the financial reporting manual 2024-25 as issued by HM Treasury. Some of the tables in this report have been subject to audit by the external auditor, the Comptroller & Auditor General, appointed under the Government Resources and Accounts Act 2000. Where tables are subject to audit, this is clearly stated.

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; peer's allowances
- the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975 (as amended).

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;
- 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.gov.uk/government/organisations/review-body-on-senior-salaries

Members and Senior Civil Servants Remuneration

The Office is not a direct employer. All staff are either employed by the Scottish Government, Ministry of Justice or on loan from other Government Bodies. 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 requires 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 of Ministers are shown in the following tables. Salary figures include all allowances payable by the Office, 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

£91,346 (from 1 April 2024) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is 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 Minister received benefits in Kind in 2024-25 or 2023-24.

Remuneration (salary, and pensions)

Ministers	Salary (£)		Pension benefits (to nearest £1000) (1)		Total (to nearest £1,000) (1)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Rt Hon Ian Murray MP Secretary of State for Scotland (from 5 July 2024) (2)	49,097	n/a	13,000	n/a	62,000	n/a
Rt Hon Alister Jack MP Secretary of State for Scotland (to 5 July 2024) (3)	34,660	67,505	4,000	18,000	39,000	86,000
Kirsty McNeil MP Parliamentary Under Secretary of State for Scotland (from 9 July 2024) (4)	16,093	n/a	4,000	n/a	20,000	n/a
JR Lamont MP Parliamentary Under Secretary of State for Scotland (to 5 July 2024) (5)	11,487	22,375	1,000	6,000	13,000	28,000
Lord Cameron of Lochiel Parliamentary Under Secretary of State for Scotland (from 9 February 2024 (to 5 July 2024) (6)	9,580	5,225	n/a	n/a	10,000	5,000
The Rt Hon Baroness Smith of Cluny KC, Advocate General for Scotland (from 27 September 2024) (7)	77,555	n/a	14,000	n/a	91,000	n/a
The Rt Hon The Lord Stewart of Dirleton KC, Advocate General for Scotland to 5 July 2024) (8)	58,240	131,138	6,000	25,000	64,000	157,000

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) 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.

(2) Following the UK General Election held on the 4th of July 2024 the Rt Hon Ian Murray MP was appointed Secretary of State for Scotland on the 5th of July 2025. His full-time equivalent salary in 2024-25 was £67,505.

(3) The Rt Hon Alistair Jack MP served as Secretary of State for Scotland until the 5th of July 2024. His total salary for 2024-25 includes a severance payment of £16,876. The full-time equivalent 2024-25 was £67,505.

(4) Following the UK General Election on the 4th of July 2024 Kirsty McNeill MP was appointed Parliamentary Under Secretary of State for Scotland on the 9th July. Her full-time equivalent salary in 2024-25 was £22,375.

(5) JR Lamont MP served as Parliamentary Under Secretary of State for Scotland until 5th July 2024. His total salary for 2024-25 includes a severance payment of £5,593. The full-time equivalent 2024-25 was £22,375.

(6) Lord Cameron of Lochiel served as Parliamentary Under Secretary of State for Scotland to 5th July 2025. His salary includes the House of Lords Office Holders Allowance. The full-time equivalent of this allowance in 2024-25 was £36,366.

(7) Following the UK General Election on the 4th of July 2025. The Rt Hon Baroness Smith of Cluny KC was appointed Advocate General for Scotland on the 27th of September 2024. The full-time equivalent salary in 2024-25 was £131,138.

(8) The Rt Hon The Lord Stewart of Dirleton KC served as Advocate General for Scotland to 5th July 2025. His total salary for 2024-25 includes a severance payment of £23,693. The full-time equivalent salary in 2024-25 was £131,138.

Pension Benefits

Ministers	Accrued Pension at age 65 as at 31 March 2025	Real increase in pension at age 65	CETV at 31 March 2025	CETV at 31 March 2024	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Ian Murray MP Secretary of State for Scotland (from 5 July 2024) (2)	0-5	0-2.5	13	-	8
Rt Hon Alister Jack MP Secretary of State for Scotland (to 5 July 2024) (3)	5-10	0-2.5	96	90	3
Kirsty McNeil MP Parliamentary Under Secretary of State for Scotland (from 9 July 2024) (4)	0-5	0-2.5	4	-	2
JR Lamont MP Parliamentary Under Secretary of State for Scotland (to 5 July 2024) (5)	0-5	0-2.5	10	9	1
The Rt Hon Baroness Smith of Cluny KC, Advocate General for Scotland (from 27 September 2024) (7)	0-5	0-2.5	15	-	9
Lord Cameron of Lochiel Parliamentary Under Secretary of State for Scotland (from 9 February 2024 (to 5 July 2024) (6)	n/a	n/a	n/a	n/a	n/a
The Rt Hon The Lord Stewart of Dirleton KC, Advocate General for Scotland to 5 July 2024) (8)	5-10	0-2.5	124	117	4

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 MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's 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 the 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.

Board Members' salary and pension entitlements

This section and the related tables have been subject to audit.

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 Office and thus recorded in these accounts.

Salary figures include all allowances payable by the Department, 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 2024-25 relate to performance in 2023-24 and the comparative bonuses reported for 2023-24 relate to performance in 2022-23.

The salaries, bonuses, taxable benefits in kind and pension entitlements for Senior Officials 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)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Laurence Rockey Scotland Office Director and Accounting Officer [2]	115-120	105-110	10-15	10-15	15,300	9,600	46,000	27,000	190-195	155-160
Lyn McDonald Office of the Secretary of State for Scotland (Temporary) Director and Accounting Officer to 22 August 2023) [3]	Nil	55-60	Nil	Nil	Nil	Nil	Nil	Nil	Nil	55-60
Neil Taylor Office of the Advocate General Director	115-120	110-115	Nil	Nil	Nil	Nil	74,000	34,000	190-195	145-150

Following confirmation from HMRC that payments to directors to cover travel and accommodation costs under dual workplace arrangements constitute a taxable benefit in kind, the remuneration disclosures reflect these costs.

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 Scotland Office director is Scotland based but is required to be in London for a period each week. His travel costs and accommodation are taxable benefits.

(3) Lyn Macdonald was on loan from the Cabinet Office. Her full year equivalent salary was £105-£110k and her FTE equivalent salary was £55-60k.

Non–Executive Directors

The Chairperson of the Scotland Office and OAG Audit and Risk Assurance Committee and Lead Non-Executive Director of the Scotland Office and OAG Joint Management Board each received a fee of £300 for each meeting attended. The remaining Scotland Office and OAG Non- Executive Directors receive a fee of £200 for each meeting of the Joint Management Board or Audit and Risk Assurance Committee attended.

Remuneration	Salary (£000)		Total (£000)	
	2024-25	2023-24	2024-25	2023-24
Tom Harris Lead Non-Executive Director (to 18 June 2024)	0-5	0-5	0-5	0-5
Stuart Patrick Chair of the Audit and Risk Assurance Committee and Non-Executive Director	0-5	0.5	0-5	0.5
Martin Dorchester Non-Executive Director	0-5	0-5	0-5	0-5

Pension Benefits

Senior Officials	Accrued pension and related lump sum at pension age at 31 March 2025	Real increase in pension and related lump sum at pension age at 31 March 2025	CETV at 31 March 2025	CETV at 31 March 2024	Real increase/ decrease in CETV
	£'000	£'000	£'000	£'000	£'000
Laurence Rockey Office of the Secretary of State for Scotland Director and Accounting Officer (from 23 August 2023) [1]	25-30	2-5.5	354	297	24
Lyn McDonald Office of the Secretary of State for Scotland (Temporary) Director and Accounting Officer (to 22 August 2023) [1]	N/A	N/A	N/A	***	N/A
Neil Taylor Office of the Advocate General Director [1]	45-50 plus a lump of 115-120	2.5-5 plus a lump sum of 2.5-5	1,060	953	62

Notes to the table:

(1) Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

* Final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

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 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and 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 an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 0.5% of pensionable salary 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.

Fair Pay Disclosure

(This section is subject to audit.)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce.

The banded remuneration of the highest-paid director in the department in the financial year 2024-25 was £140-145k (2023-24, £125-130k). This was 2.6 times (2023-24, 2.2 times) the median remuneration of the workforce was £55.4k (2023-24, £58k). The salary component of the median was £55.4k.

In 2024-25, no employees (2023-24, nil) received remuneration in excess of the highest paid Director. Remuneration ranged from £24.2k to £145k (2023-24, £22.0k to £129.1k).

There was a 11% percentage change in the highest paid director’s salary and allowance (2023-24, 12%). There was a 5% percentage change in performance pay and bonuses paid to the highest paid director in 2024-25, £11.6k (2023-24, £11.0k).

The implementation of the Department's pay award in 2024-25 increased average staff remuneration. The ratios between the highest paid Directors' remuneration and the staff lower and upper quartile increased by 0.2 and 0.3 respectively. The ratio between the highest paid director's total remuneration and the median staff pay increased by 0.4 due to the approved change in total remuneration for the highest paid director in year.

For employees of the entity taken as a whole, the average percentage change from the previous financial year of salary and allowances was 4% and the percentage change in performance pay and bonuses payable was (5%).

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th percentile and 75th percentile of pay and benefits of the entity's employees for the financial year are shown in the table below.

The lower quartile remuneration (representing the 25th percentile of the linear distribution) was £42k (the salary component of this was £42k) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £70.1k (the salary component of this was £70.1k).

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.

	2024-25	2023-24
Band of highest paid board member's total remuneration (£000)	145-150	125-130
Median total remuneration (£000)	55.4	58.0
Ratio	2.7	2.2
25th percentile total remuneration (£000)	42.0	40.9
Ratio	3.5	3.2
75th percentile total remuneration (£000)	70.1	69.8
Ratio	2.1	1.8

The median salary component is £55.1k, the 25th percentile salary component is £41.5k and the 75th percentile salary component is £69.5k.

Compensation for loss of office (Subject to audit)

No staff left the Office under Compulsory or Voluntary Exit terms in 2024-25 or 2023-24.

Ministers (Subject to audit)

In 2024-25 there were severance payments totalling £46,162. In 2023-24 there were no severance payments.

Staff Report

Staff Costs

This section and the related tables below have been subject to audit.

The Scotland Office 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 SO and OAG expenditure on staff during 2024-25 is shown in the following table:

	2024-25					2023-24
	£000					
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Wages and salaries	-	9,120	257	-	9,377	8,923
Social security costs	-	908	26	-	934	938
Other pension costs	-	2,047	-	-	2,047	2,154
Total	**-**	**12,075**	**283**	**-**	**12,358**	**12,015**

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government was moved to the Cabinet Office in July 2019, with corresponding budget cover transfers. Therefore special adviser costs are now reported in the Cabinet Office Annual Report and Accounts. Special Advisers remain employed by the respective Departments of their appointing Minister.

The staff costs comprise of:

	Charged to Admin Budgets	Charged to Programme Budgets	Charged to Admin Budgets	Charged to Programme Budgets
	2024-25		2023-24	
	£000		£000	
Core Department	12,128	-	11,794	-
Other Designated Bodies	-	230	-	221

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "alpha" are unfunded multi-employer defined benefit schemes but the SO is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2024-25, employers' pension contributions of £2,047k (2023-24: £2,154k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% (2023-24: 26.6% to 30.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' pension contributions of £0 (2023-24: £0) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 8% to 14.75% (2023-24: 8.0% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £0k of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £0k. Contributions prepaid at that date were £0k.

Staff Numbers (subject to audit)

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

	2024-25					2023-24
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Scotland Office	-	83	2	2	**87**	**87**
Office of the Advocate General	-	49	1	-	**50**	**51**
Boundary Commission	-	3	-	-	**3**	**3**
Total	**-**	**135**	**3**	**2**	**140**	**141**

The department had 2 special advisers in post on 31 March 2025.

Staffing Levels

The actual number of staff in post at 31 March 2025 in the Scotland Office totalled 85, of which 46% were based in Edinburgh and 54% in London. OAG had 54 staff in post on 31 March 2025, 85% of which were based in Edinburgh and 15% in London.

The department had a staff complement of 85 (SO) and 55 (OAG) , totalling 140 staff at the beginning of the 2024-25 financial year reporting period. However, as the table below shows, the full complement was not achieved in any given month although there was an average of 94% in staffing levels across the year.

Month	Apr -24	May -24	Jun -24	Jul -24	Aug -24	Sep -24	Oct -24	Nov -24	Dec -24	Jan -25	Feb -25	Mar -25
Vacancy Rate %	5%	5%	3%	5%	8%	5%	5%	5%	6%	6%	5%	5%

The annual turnover of staff is estimated at around 8% SO (7 leavers vs 85 complement) and 32% OAG (18 leavers vs 55 complement), Total Department SO/OAG combined 18% (25 leavers vs 140 complement)

Reporting of Civil Service and other compensation schemes - exit Packages (subject to audit)

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.

In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a Special Adviser's appointment automatically ends when their appointing Minister leaves office. Special Advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this.

Termination benefits are based on length of service and capped at six months' salary. If a Special Adviser returns to work for HM Government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return. Termination costs for special advisers are reported in the Cabinet Office Annual Report and Accounts.

The SO and OAG incurred no exit package costs during 2024-25 or 2023-24.

Staff Policies and Other Disclosures

Senior Civil Service

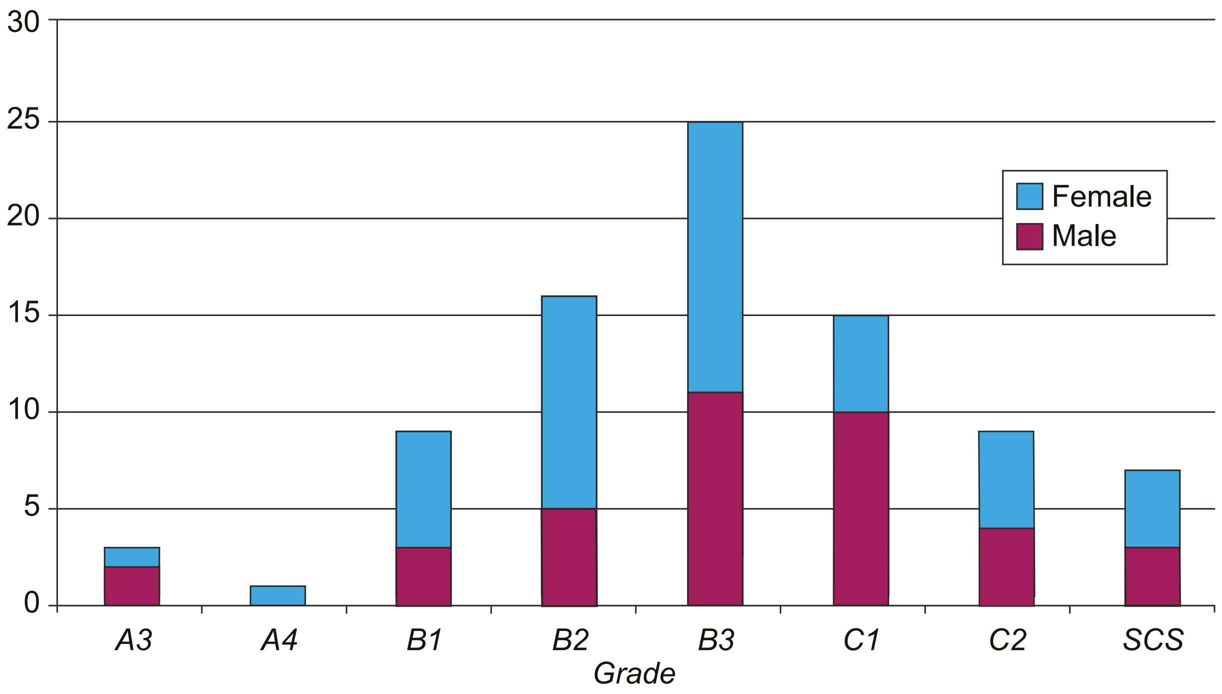
At 31st of March 2025 there were six senior civil service posts in the SO and six posts in the OAG.

	2024-25		2023-24	
	Pay Band 1	Pay Band 2	Pay Band 1	Pay Band 2
SO	5	1	5	1
OAG	5	1	4	1

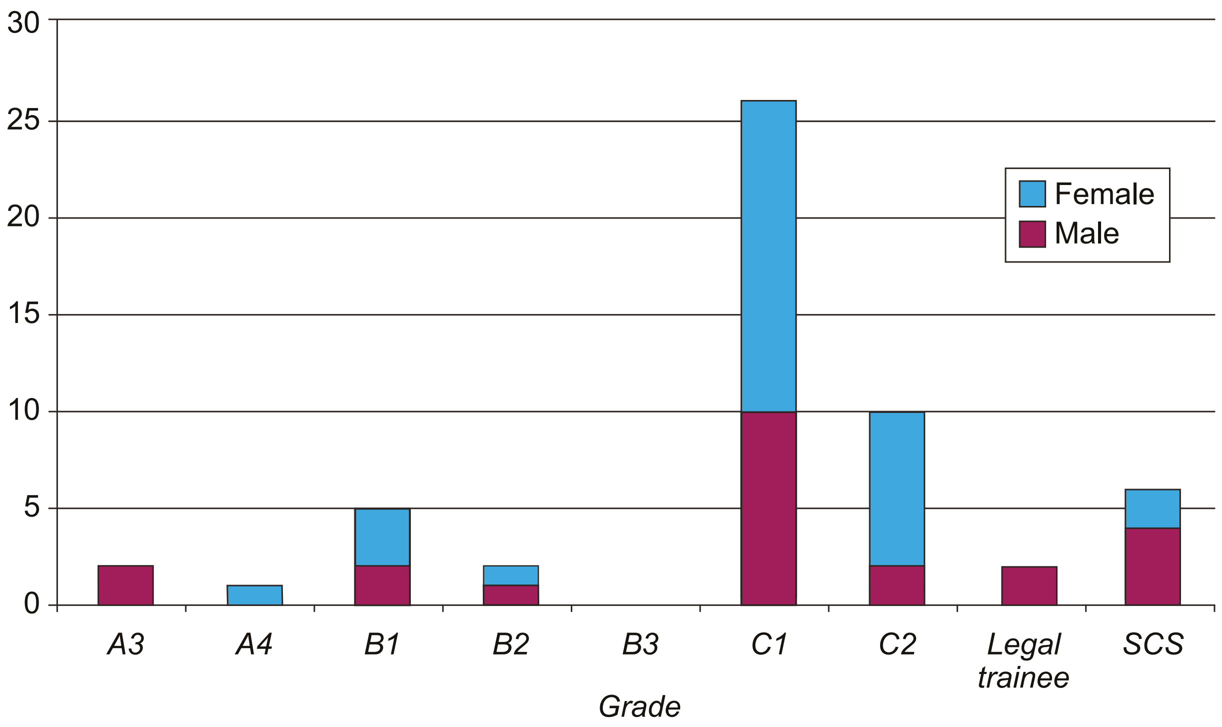
Diversity

Women make up 55% of staff in the SO and 57% of staff in OAG. The following charts show the number of women and men in each grade in the two Offices.

Scotland Office



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 SO and the Office of the Advocate General do not employ staff directly. All staff that join as civil servants do so on assignment, loan or secondment from other government departments. We adhere closely to the disability policies of the recruiting departments and we are committed to ensuring equality for all colleagues with a disability including upholding the standards of the Equality Act. We promote a culture where colleagues with a disability are treated with dignity and feel respected and supported. To support more disabled people into work, the Offices participate in the Guaranteed Interview Scheme (GIS) for candidates with a disability.

Human Rights and Anti-Slavery

The Offices are committed to respecting human rights and the Scotland Office and OAG have Anti-Slavery Statements which are overseen by the Home Office.

Sick Absence Data

The average number of working days lost in the financial year 2024-25 was 6.96 days (1.78 days in 2023-24).

Spend on Consultancy and Temporary Staff

The SO and OAG had no spend on consultancy in 2024-25 (nil in 2023-24). 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 2024-25 was £306,617 (2023-24 £254,712).

Off Payroll Appointments

In 2024-25 the SO had no off payroll appointments for more than £245 per day and for a duration of six months or longer.

Staff Engagement Survey

The Scotland Office participated in the annual Civil Service Survey. Our overall staff Employment Engagement Index was 66% (compared to 63% in 2023). The overall staff Employment Engagement Index for OAG was 75% (compared to 72% in 2023).

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.

Neil Taylor
OAG Director, Interim Accounting Officer for the Scotland Office
and the Office of the Advocate General for Scotland

Neil S Taylor

18th July 2025

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires The Scotland Office and Office of the Advocate General for Scotland 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 2024-25, all figures presented in £000

	SOPS Note	Outturn Voted	Outturn Non-Voted	Outturn Total	Estimate Voted	Estimate Non-Voted	Estimate Total	Outturn v's Estimate, saving / (excess) Voted	Outturn v's Estimate, saving / (excess) Total	Prior Year Outturn Total 2023-24
Departmental Expenditure Limit										
- Resource	1.1	**13,544**		**13,544**	14,231		**14,231**	687	687	**13,684**
- Capital	1.2	**44**		**44**	50		**50**	6	6	**25**
Total		**13,588**		**13,588**	**14,281**		**14,281**	693	693	**13,709**
Total Budget										
- Resource	*1.1*	**13,544**		**13,544**	**14,231**		**14,231**	**687**	**687**	**13,684**
- Capital	*1.2*	**44**		**44**	**50**		**50**	**6**	**6**	**25**
Total Budget Expenditure		**13,588**		**13,588**	**14,281**		**14,281**	**693**	**693**	**13,709**
Non-Budget Expenditure	1.1	**48,560,140**		**48,560,140**	50,757,802		**50,757,802**	2,197,662	2,197,662	**45,957,113**
Total		**48,573,728**		**48,573,728**	**50,772,083**		**50,772,083**	**2,198,355**	**2,198,355**	**45,970,822**

Net Cash Requirement 2024-25, all figures presented in £000

Item	SOPS Note	Outturn	Estimate	Outturn v's Estimate, saving / (excess)	Prior Year Outturn Total 2023-24
Net Cash Requirement	2	**48,574,385**	**50,771,832**	**2,197,447**	**45,970,767**

Administration costs 2024-25, all figures presented in £000

Type of Spend	SOPS Note	Outturn	Estimate	Outturn v's Estimate, saving / (excess)	Outturn
Administration Costs	1.1	**13,264**	**13,818**	**554**	**13,382**

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 administation budget will also result in an excess vote.

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

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 28, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate as an introduction to the SOPS disclosures.

Notes to the Statement of Outturn against Parliamentary Supply 2023-24 (£000's)

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by Estimate line

	Resource Outturn: Administration Gross	Administration Income	Administration Net Total	Programme Gross	Programme Income	Programme Net Total	Total	Estimate Total	Estimate Virements	Estimate Total Including Virements	Variance: Net total compared to Estimate	Prior Year Outturn Total 2023-24: Total
Spending in Departmental Expenditure Limits (DEL)												
Voted Expenditure												
A Scotland Office & Office of the Advocate General	16,777	3,513	13,264		-	-	13,264	13,818	-	13,818	554	13,382
B Boundary Commission for Scotland		-	-	280	-	280	280	413	-	413	133	302
Total Voted Expenditure in DEL	**16,777**	**3,513**	**13,264**	**280**	**-**	**280**	**13,544**	**14,231**	**-**	**14,231**	**687**	**13,684**
Non-Budget												
Voted Expenditure												
D Grant Payable to the Scottish Consolidated Fund	-	-	-	28,254,958	-	28,254,958	28,254,958	30,452,620	-	30,452,620	2,197,662	30,564,563
E Payover of Scottish Rate of Income Tax to Scottish Consolidated Fund	-	-	-	20,305,182	-	20,305,182	20,305,182	20,305,182	-	20,305,182	-	15,392,550
Total Non-Budget	**-**	**-**	**-**	**48,560,140**	**-**	**48,560,140**	**48,560,140**	**50,757,802**	**-**	**50,757,802**	**2,197,662**	**45,957,113**
Total for Estimate	**16,777**	**3,513**	**13,264**	**48,560,420**	**-**	**48,560,420**	**48,573,683**	**50,772,033**	**-**	**50,772,033**	**2,198,349**	**45,970,797**

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 Gross	Outturn Income	Outturn Net Total	Estimate Net	Estimate Virements	Estimate Total including virements	Outturn v's Estimate, saving / (excess)	Prior Year OutturnTotal 2023-24
Spending in Departmental Expenditure Limit (DEL)								
Voted expenditure								
A Scotland Office & Office of the Advocate General	44	-	44	50	0	50	6	25
Total Voted Expenditure in DEL	**44**	**-**	**44**	**50**	**0**	**50**	**6**	**25**
Total	**44**	**-**	**44**	**50**	**0**	**50**	**6**	**25**

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 outturn to net operating expenditure

A reconciliation table is not required as the net resource outturn per the SOPS is the same as net operating expenditure reported in the SOCNE and there is no net capital outturn

SOPS 3. Reconciliation of the Net Resource Outturn to the Net Cash Requirement

	Reference	Outturn total £000	Estimate £000	Outturn v's Estimate, saving / (excess) £000
Resource Outturn	SOPS	48,573,684	50,772,033	2,198,349
Capital Outturn	SOPS 1.2	44	50	6
Accruals to cash adjustments				
Adjustments to remove non-cash items:				
Depreciation		(595)	(605)	(10)
Other non-cash items		(102)	(79)	23
Adjustments to reflect movements in working balances:				
Increase/(decrease) in receivables		451	-	(451)
Increase/(decrease) in Payables		568	-	(568)
increase/(decrease) in creditors [(1) (2)]		335	433	98
Total		**48,574,385**	**50,771,832**	**2,197,447**
Removal of non-budget items:				
Consolidated Fund Standing Services		-	-	-
Net Cash Requirement		**48,574,385**	**50,771,832**	**2,197,447**

(1) As reflected in the Supplementary Estimate
(2) The figures in the increase/(decrease) creditors line are for lease liablity repayments related to IFRS 16.

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.

SOPS 4. Income Payable to the Consolidated Fund

SOPS 4.1 Analysis Income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund.(cash receipts being shown in italics).

Item Reference	Outturn		Prior Year 2023-24	
	Accruals	Cash Basis	Accruals	Cash Basis
Income outside the ambit of the Estimate	-	-	-	-
Total Income payable to the Consolidated Fund	**-**	**-**	**-**	**-**

SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note 4.1 does not include any amounts collected by the Scotland Office where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

Income collected by the Scottish Government and due to the Consolidated Fund is shown in the table below.

Item	**Outturn total**	**Prior Year Outturn Total 2023-24**
Balance held on trust at the beginning of the year	133	-
Legal Fees	170	471
Interest	98	-
Payments into the Consolidated Fund	401	**338**
Balance held on trust at the end of the year	-	133
The total income paid into the Consolidated Fund as at 31st March 2024 and 31 March 2025 were:		
Income from 2023-24	-	338
Income from 2024-25	268	**-**

Parliamentary Accountability Disclosures

This information has been subject to audit.

Regularity of Expenditure

We are custodian of taxpayers' funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with HM Treasury's Managing Public Money. The disclosures made within the Parliamentary Accountability and Audit Report are indicative of this.

The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of our Accounting Officer whose responsibilities are also set out in Managing Public Money.

The manner in which the Accounting Officer and the wider department discharges its responsibilities in the administration of public resources are detailed within the Statement of Accounting Officer Responsibilities and the Governance Statement

Losses and Special Payments

There were no losses or special payments that require disclosure because of their size or nature in 2024-25 (nil 2023-24).

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 an hourly rate. There has been no over or under recovery of costs in 2024-25 (nil 2023-24). The full costs of our operating segments are disclosed in Note 2.

Notation of Gifts

There were no gifts made over the limits prescribed in Managing Public Money and in 2024-25 (nil 2023-24).

Remote Contingent Liabilities
There were no remote contingent liabilities in 2024-25 (nil 2023-24).

Signed:

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

18 July 2025

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 Scotland (‘the Department’) for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department’s:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers’ Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department’s affairs as at 31 March 2025 and its net operating expenditure for the year then ended; and
- 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 Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2025 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). 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 2019. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non- compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non- compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies.
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations including the Department's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, the Scotland Act 1998, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2024.

- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department for fraud and identified the greatest potential for fraud in the following areas: revenue and expenditure recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department's framework of authority and other legal and regulatory frameworks in which the Department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, the Scotland Act 1998, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2024, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/ auditors responsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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), NonBudget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence 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. 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **18th July 2025**
Comptroller and Auditor General

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 2025

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.

	Note	2024-25 £000	2023-24 £000
Revenue from contracts with customers	4	(2,336)	(2,275)
Other operating income	4	(1,177)	(1,082)
Total operating income		**(3,513)**	**(3,357)**
Staff Costs	3	12,358	12,015
Purchase of goods and services	3	4,059	4,392
Depreciation and impairment charges	3	595	585
Finance charges	3	45	49
Grant to the Scottish Consolidated Fund	3	28,254,958	30,564,563
Payover of Scottish Rate of Income Tax to Scottish Government	3	20,305,182	15,392,550
NLF interest receivable		(65,058)	(56,435)
NLF interest payable		65,058	56,435
Total operating expenditure		**48,577,197**	**45,974,154**
Net expenditure for the year		**48,573,684**	**45,970,797**
Comprehensive net expenditure for the year		**48,573,684**	**45,970,797**

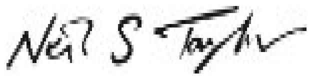
The notes on pages 79 to 96 form part of these accounts.

Statement of Financial Position as at 31 March 2025

This Statement presents the financial position of the Scotland Office and 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.

	Note	31 March 2025 £000	31 March 2024 £000
Non-current assets:			
Property, plant and equipment	5	205	277
Intangible assets	6	12	39
Right of use assets	7	4,732	5,183
Financial assets (NLF)	9	2,148,372	2,312,261
Total non-current assets		**2,153,321**	**2,317,760**
Current Assets:			
Trade and other receivables	11	783	332
NLF receivables	11	290,817	294,184
Cash and cash equivalents	10	31	246
Total current assets		**291,631**	**294,762**
Total Assets		**2,444,952**	**2,612,522**
Current liabilities			
Trade and other payables	12	(3,013)	(3,561)
NLF payables	12	(290,817)	(294,184)
Total current liabilities		**(293,830)**	**(297,745)**
Non-current assets plus/less net current assets/liabilities		**2,151,122**	**2,314,777**
Non-current liabilities			
Lease obligations	12	(4,364)	(4,800)
Other payables (NLF)	12	(2,148,372)	(2,312,261)
Total non-current liabilities		**(2,152,736)**	**(2,317,061)**
Assets less liabilities		**(1,614)**	**(2,284)**
Taxpayers' Equity and other reserves			
General fund		(1,620)	(2,290)
Revaluation Reserve		6	6
Total equity		**(1,614)**	**(2,284)**

Signed:



Neil S. Taylor
Accounting Officer for the Scotland Office and Office of the Advocate General for Scotland

18 July 2025

The notes on pages 79 to 96 form part of these accounts.

Statement of Cash Flows for the Period Ended 31 March 2025

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.

	Note	2024-25 £000	Restated 2023-24 £000
Cash flows from operating activities			
Net expenditure	SOCNE	(48,573,684)	(45,970,797)
Adjustments for non-cash transactions	3	697	664
Decrease/(Increase) in trade and other receivables	11	166,805	(123,428)
Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure (1)	11	(167,256)	123,543
(Decrease)/Increase in trade payables	12	(168,373)	122,900
Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure (1)	12	167,983	(123,329)
Net cash outflow from operating activities		**(48,573,828)**	**(45,970,447)**
Cash flows from investing activities			
Purchase of Plant & Machinery and Fixtures and Furnishings	5	(44)	(25)
Repayments from other bodies (interest)		65,058	56,435
Repayments from other bodies (capital)	9	283,994	281,083
Loans to Scottish Government		(139,000)	(404,000)
Net cash outflow from investing activities		**210,008**	**(66,507)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) - Current Year (2)		48,574,170	45,970,849
Advance from the Contingencies Fund		-	703,711
Repayment of advance from the Contingencies Fund		-	(703,711)
Payment of lease liabilities		(335)	(477)
Finance expense on lease liabilities		(45)	49
Repayment of loans from the National Loans Fund (interest) (3)		(65,058)	(56,435)
Repayment of loans from the National Loans Fund (capital) (3)	9	(283,994)	(281,083)
Loans received from National Loans Fund		139,000	404,000
Net Cash Inflow from Financing Activities		**48,363,738**	**46,036,903**
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	10	**(82)**	**(51)**
Income payable to the Consolidated Fund	SOPS 4	268	471
Income paid to the Consolidated Fund (4)	SOPS 4	(401)	(338)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(215)**	**82**
Cash and cash equivalents at the beginning of the period	10	246	164
Cash and cash equivalents at the end of the period	10	31	246

(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.
(5) The 2023-24 Statement of Cash Flows has been restated to amend the presentation of NLF related transactions as detailed in note 17.

The notes on pages 79 to 96 form part of these accounts.

Statement of Changes in Taxpayers’ Equity for the Year Ended 31 March 2025

This statement shows the movement in the year on the different reserves held by The Scotland Office and Office of the Advocate General for Scotland, 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 23	**(2,472)**	**6**	**(2,466)**
Net Parliamentary Funding	45,970,849	-	45,970,849
Deemed Supply (voted)	164	-	164
Supply Payable	(246)	-	(246)
CFER transferred to CF	133	-	133
Net expenditure for the year	(45,970,797)	-	(45,970,797)
Auditors Remuneration	79	-	79
Balance at 31 March 24	**(2,290)**	**6**	**(2,284)**
Net Parliamentary Funding	48,574,170	-	48,574,170
Deemed Supply (voted)	246	-	246
Supply Payable	(31)	-	(31)
CFER transferred to CF	(133)	-	(133)
Net expenditure for the year	(48,573,684)	-	(48,573,684)
Auditors Remuneration	102	-	102
Balance at 31 March 25	**(1,620)**	**6**	**(1,614)**

The notes on pages 79 to 96 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2025

1a) Statement of Accounting Policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2024-25 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 Scotland Office (SO) 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 SO & 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 SO & OAG to prepare one additional primary statement. The Statement of Outturn against Parliamentary Supply and its supporting notes report outturn against the estimate in terms of the net resource requirement and the net cash requirement. These are included within the Parliamentary accountability section in this report.

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

1.2 Going Concern

The accounts for 2024-25 have been prepared on a going concern basis, the period considered to be 12 months from the approval of these accounts to July 2026. The Department has a statutory basis for its function and related funding and there is no reason why this would not continue. In common with other Government Departments, the future financing of the Department’s liabilities is to be met by future grants of Supply and Income, both to be approved annually by Parliament. The most recent funding to 31 March 2026 will be approved by Parliament in July 2025.

Until the 2025-26 funding is approved by Parliament, HM Treasury publishes a “Vote on Account” before Parliament which provides authority for spending on continuing services by departments in the early part of the following financial year (until the legislation authorising the Main Estimates obtains Royal Assent). The amounts required in the Vote on Account are normally a standard 45 per cent of the amounts already voted on the corresponding services in the current year, taking account of the Main Estimates and any Revised or Supplementary Estimates already approved by Parliament.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury’s Government Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue. For the above reasons it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 Accounting convention

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

1.4 Changes in accounting policies

Accounting policies are unchanged compared to those in the 2023-24 financial statements.

1.5 New accounting standards adopted in the year and FREM changes

No new accounting standards have been adopted in these financial statements.

1.6 Applicable accounting standards issued but not yet adopted

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 'Insurance Contracts' and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this standard.

IFRS 17 requires insurance contracts, including reinsurance contracts to be recognised on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM).

The fulfilment cashflows consist of the present value of future cash flows calculated using best estimate assumptions with an explicit risk adjustment for non-financial risk.

The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract period as insurance services are provided. Where an insurance contract is onerous, it will have no CSM and the onerous element of the insurance contract will be recognised immediately in the SoCNE.

IFRS 17 has no impact on the Scotland Office and Office of the Advocate General accounts.

Social Benefits

The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education or family circumstances.

Social Benefits have no impact on the Scotland Office and Office for Advocate General accounts

Non-Investment Asset Valuations

In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets).

The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms 'specialised/ non-specialised' assets are being removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- A quinquennial revaluation supplemented by annual indexation.
- A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years
- For non-property assets only, appropriate indices.

In rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements

IFRS 18, "Presentation and Disclosure in Financial Statements," replaces IAS 1 'Presentation of Financial Statements' is a new standard that will be effective for periods beginning on or after January 1, 2027 in the private sector, with earlier application. The public sector implementation date is not yet confirmed. The impact of IFRS 18 on the public sector is still being assessed.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

IFRS 19, "Subsidiaries without Public Accountability: Disclosures," allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. It enables these subsidiaries to benefit from the same recognition and measurement principles as their parent companies, while streamlining the disclosure process. This standard aims to simplify financial reporting for eligible subsidiaries by reducing the burden of disclosures that are not relevant to users of their financial statements.

IFRS 19 will have no impact on the Scotland Office and Office of the Advocate General accounts.

1.7 Operating segments

The SO & 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 pay over of the Scottish Rate of Income Tax; and National Loan Fund (NLF) repayments.

1.8. Property, plant and equipment and intangible assets

Valuation basis

Property, plant and equipment assets (PPE) 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.

The Office does not have any land and building assets.

Valuation method

Non-property assets are included at cost upon purchase and are restated if material at each reporting date using the Producer Price Index produced by the Office for National Statistics.

Capitalisation threshold – individual assets

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

Capitalisation threshold – grouped assets

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

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

Capitalisation threshold – Intangible Assets

Expenditure on computer software licences lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets.

Depreciation/Amortisation

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.
- Assets under construction – Not Depreciated.
- Intangible Assets – Life of the licence

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 costs, as appropriate, in the Statement of Comprehensive Net Expenditure.

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

1.9 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. It's 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.

In 2024-25 the SO & OAG did not have any assets under construction.

1.10 Leases

The Office adopted IFRS 16 "leases" from 1st April 2022 in accordance with the FReM.

Initial recognition

At the commencement of a lease, the Office recognises a right of use asset and a lease liability.

Under IFRS 16 the definition of a contract was expanded to include intra-UK Government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Understanding (MOU) agreements.

Lease liability

The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease or, where this is not readily determinable, the department's incremental rate of borrowing. This rate is advised annually by HM Treasury (0.95% for leases that commenced, transitioned, or were re-measured in the calendar year 2022, 4.72% for those commencing or re-measured in the calendar year 2024). Measurement of right-of-use assets.

Right of use asset

The right of use asset is measured at the value of the lease liability, adjusted for:

- any lease payments made before the commencement date.
- any lease incentives received.
- any incremental costs of obtaining the lease, and
- any costs of removing the asset and restoring the site at the end of the lease

However, in accordance with the FReM, where the lease requires nil or nominal consideration (usually referred to as a 'peppercorn' lease) the asset will instead be measured at its existing use value, using market prices or rentals for equivalent land and properties, with the difference between the carrying amount of the right of use asset and lease liability treated, upon transition, as notional income.

Subsequent measurement

Right-of-use assets are subsequently measured in line with the class of PPE asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation except where:

- A longer-term contract that has no provisions to assess lease payments for market conditions.
- There is a significant period of time between these assessments.
- The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The value of the asset is adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described below. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised as expenditure in the CSoCNE.

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example where we no longer expect to exercise an option; modifications are changes to the lease contract. Reassessments and modifications are accounted for by either by:

- recalculating the lease term under any new contract terms, taking account of the reasonable certainty or otherwise of exercising an option; or
- applying a new discount rate where applicable.

Expenditure charged to the CSoCNE for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right of use. Lease payments are debited against the liability.

Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of:

- Useful life of the right-of-use asset, assessed as the same as the class of PPE asset to which the lease relates.
- Lease term.

Measurement of lease liability

New leases are measured in the way set out above.

Lessor

When the Office acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the Office makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

The Office recognises lease payments under operating leases as income on a straight-line basis over the length of the lease terms.

The accounting policies applicable to the lessor are largely unchanged by IFRS 16

1.11 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 the 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 in each year since.

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 Water 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. Amounts received by the SO and OAG are surrendered to the NLF. Outstanding loan balances are included within Trade and Other Payables and Financial Liabilities.

1.12 Employee benefits

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 SO & 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 SO & 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 in real terms if material.

1.13 Operating income

Operating income includes income appropriated in aid to offset related expenditure. The department's material revenue falls into two categories:

- 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 Scottish legal issues on behalf of other UK Government departments, which is subsequently recovered through recharges.

1.14 Consolidated Fund Extra Receipts (CFERs)

CFERs balances are calculated on an accrual's 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. The SO & OAG also receives amounts through the recovery of lost deposits from Assembly elections. The SO & OAG pays the amounts received into the UK Consolidated Fund.

1.15 Administration and Programme expenditure

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

1.16 Provisions

Provisions are recognised when the SO & 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.

The Department did not have any provisions in 2024-25.

1.17 Value Added Tax (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.

1.18 Financial instruments

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its Statement of Financial Position when it becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the SO & OAG normal purchase, sale or usage requirement, are recognised when, and to the extent to which, performance occurs. All other financial assets and liabilities are recognised when the SO & OAG becomes party to the contractual provisions to receive or make cash payments. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial Assets

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of any impairment. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows.

IFRS 9 requires an entity to produce an expected loss impairment model for financial instruments held. Under the FReM, balances with core central government departments, the Government's Exchequer Funds (including the National Loans Funds) are excluded from recognising impairments.

The main financial instrument is the loans from the National Loans Fund. There is no loss allowance for these loans as NLF loans can only be made where there is a reasonable expectation that they will be serviced and repaid on the due dates as the NLF is not legally allowed to make a loss (s5 (3) of the National Loans Act 1968).

The SO & OAG, acting as Sponsor Department, provides a letter of guarantee signed by its Director, to the Treasury Accountant at Her Majesty's Treasury (HMT), standing behind all NLF loans made to the Scottish Government and confirming that the NLF will be repaid in full by the SO & OAG in case of default by the Scottish Government. This effectively means the NLF loans will be repaid from the Departments Estimate.

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

Financial Liabilities

Trade and Other payables

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs.

1.19 Significant accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. There are no reported estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The financial statements include an accrual of £347,960, related to estimated expenditure incurred around maintenance costs for buildings for the period 2019 to 2023 with the government property agency. These are based on purchase orders made at this time, however discussions remain ongoing with the GPA around the final balance for settlement of all amounts due. The accrual included in the financial statements is based on the information available currently and the status of discussions with GPA, any final adjustments will therefore be reflected in future financial periods as changes in estimates.

1.20 Restatement of the 2023-24 Statement of Cash Flows

In accordance with IAS 8, the Statement of Cash Flows for the year ended 31 March 2024 has been restated to correct compensating material errors within the presentation of investing and financing cash flows. Further details are included within note 17. There is no impact on the 2023-24 Statements of Comprehensive Net Expenditure, Financial Position or Changes in Taxpayers Equity.

Note 2: Statement of Operating Costs by Operating Segment

The Main Supply Estimate provides for the administration costs of The Scotland Office and Office of the Advocate General for Scotland 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 the block grant to the Scottish Consolidated Fund.

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

	2024-25 (£000)						
	Scotland Office	**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 Loan Fund**	**Total**
Gross Expenditure	10,377	6,400	280	28,254,958	20,305,182	65,058	48,642,255
Income	-	(3,513)	-	-	-	(65,058)	(68,571)
Net Expenditure	**10,377**	**2,887**	**280**	**28,254,958**	**20,305,182**		**48,573,684**

	2023-24 (£000)						
	Scotland Office	**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 Loan Fund**	**Total**
Gross Expenditure	9,749	6,990	302	30,564,563	15,392,550	56,435	46,030,589
Income	-	(3,357)	-	-	-	(56,435)	(59,792)
Net Expenditure	**9,749**	**3,633**	**302**	**30,564,563**	**15,392,550**	**-**	**45,970,797**

Description of segments

Scotland Office
The role of the Scotland Office 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 Loan 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 for Scotland are surrendered to the NLF. Outstanding loan balances are included within Trade and other payables.

Reporting
The Department does not provide segmented balance sheet information to the board.

3.Expenditure

Staff Costs[1]

	2024-25 £000	2023-24 £000
Wages and salaries	9,377	8,923
Social security costs	934	938
Other pension costs	2,047	2,154
Sub Total	**12,358**	**12,015**
Goods and Services		
Accommodation Costs	2,120	1,220
Legal Costs	842	1,883
Travel and Subsistence Costs	529	582
Other Expenditure	466	628
Finance Charge	45	49
Grants		
Grant paid to Scottish Consolidated Fund	28,254,958	30,564,563
Payover of Scottish Rate of Income Tax to Scottish Government	20,305,182	15,392,550
Non-cash items:		
Auditors' remuneration and expenses	102	79
Depreciation and amortisation	595	585
Total Operating Expenditure Costs	**48,577,197**	**45,974,154**

[1] Further analysis of staff costs is located in the Accountability Report (on page 90).

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

The Scotland Office and Office of the Advocate General did not purchase any non-audit services from the National Audit Office. (nil 2023-24)

4. Income

	2024-25 £000	2023-24 £000
Legal fees and charges to clients	(2,336)	(2,275)
Recovery of legal outlays from other Government Bodies	(1,177)	(1,082)
Total	**(3,513)**	**(3,357)**

5. Property, Plant and Equipment

2024-25	Information Technology £000	Plant Machinery & Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2024	462	153	110	725
Additions	-	44	-	44
Disposals	-	(123)	-	(123)
At 31 March 2025	**462**	**74**	**110**	**646**
Depreciation				
At 1 April 2024	(291)	(125)	(32)	(448)
Charged in year	(92)	(13)	(11)	(116)
Disposals	-	123	-	123
At 31 March 2025	**(383)**	**(15)**	**(43)**	**(441)**
Carrying amount at 31 March 2025	**79**	**59**	**67**	**205**
Carrying amount at 31 March 2024	**171**	**28**	**78**	**277**

All assets are owned by the department

2023-24	Information Technology £000	Plant Machinery & Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2023	462	128	110	700
Aditions	-	25	-	25
At 31 March 2024	**462**	**153**	**110**	**725**
Depreciation				
At 1 April 2023	(199)	(121)	(21)	(341)
Charged in year	(92)	(4)	(11)	(107)
At 31 March 2024	**(291)**	**(125)**	**(32)**	**(448)**
Carrying amount at 31 March 2024	**171**	**28**	**78**	**277**
Carrying amount at 31 March 2023	**263**	**7**	**89**	**359**

All assets are owned by the department.

6. Intangible Assets

2024-25	Software licences £000	Total £000
Cost or valuation		
At 1 April 2024	137	137
At 31 March 2025	**137**	**137**
Amortisation		
At 1 April 2024	(98)	(98)
Charged in year	(27)	(27)
At 31 March 2025	**(125)**	**(125)**
Carrying amount at 31 March 2025	**12**	**12**
Carrying amount at 31 March 2024	**39**	**39**

All assets are owned by the department

2023-24	Software licences £000	Total £000
Cost or valuation		
At 1 April 2023	137	137
At 31 March 2024	**137**	**137**
Amortisation		
At 1 April 2023	(71)	(71)
Charged in year	(27)	(27)
At 31 March 2024	**(98)**	**(98)**
Carrying amount at 31 March 2024	**39**	**39**
Carrying amount at 31 March 2023	**66**	**66**

All assets are owned by the department

7. Right of Use Leased Assets

2024-25	Buildings £000	Total £000
Cost or valuation		
At 1 April 2024	6,085	6,085
At 31 March 2025	**6,085**	**6,085**
Depreciation		
At 1 April 2024	(902)	(902)
Charged in year	(451)	(451)
At 31 March 2025	**(1,353)**	**(1,353)**
Net book value at 31 March 2025	**4,732**	**4,732**
Net book value at 1 April 2024	**5,183**	**5,183**

2023-24	Buildings £000	Total £000
Cost or valuation		
At 1 April 2023	6,085	6,085
At 31 March 2024	**6,085**	**6,085**
Depreciation		
At 1 April 2023	(451)	(451)
Charged in year	(451)	(451)
At 31 March 2024	**(902)**	**(902)**
Net book value at 31 March 2024	**5,183**	**5,183**
Net book value at 1 April 2023	**5,634**	**5,634**

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 2023	2,192,255
Adjustment to NLF payable	-
Additions	**404,000**
Loans repayable within 12 months transferred to debtors	(283,994)
Balance at 31 March 2024	**2,312,261**
Additional February 25 payment*	**(21,826)**
Repaid to HMT during the year	**(1,222)**
Additions to Scottish Government	139,000
Loans repayable within 12 months transferred to debtors	(279,841)
Balance at 31 March 2025	**2,148,372**

History of Accounts

The Scotland Office and Office of the Advocate General for Scotland 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 2021 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 Scotland Office and Office of the Advocate General for Scotland. 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.

(1) The Scottish Government borrowed a further £404,000,000 from the National Loan Fund in 2023-24 (£104,000,000 resource and £300,000,000 capital)

(2) The Scottish Government borrowed a further £139,000,000 from the National Loan Fund in 2024-25 (£0 resource and £139,000,000 capital)

* The additional February 25 payment is the amount passing through the departments bank account at that date that differed from the HMT NLF statement run prior to the 31st of March 2024.

10. Cash and Cash Equivalents

	2024-25 £000	2023-24 £000
Balance at 1 April 2024	246	164
Net change in cash and cash equivalents	(215)	82
Balance at 31 March 2025	**31**	**246**
The following balances at 31 March 2024 were held at:		
Government Banking Service	31	246
Balance 31 March 2024	**31**	**246**

11. Trade Receivables Financial and Other Assets

	2024-25 £000	2023-24 £000
Amounts falling due within one year:		
Trade receivables	435	199
VAT	162	48
Prepayments and accrued income	186	85
NLF interest receivables	10,976	10,190
Current part of NLF loan	279,841	283,994
Total	**291,600**	**294,516**

	2024-25 £000	2023-24 £000
Amounts falling due after more than one year:		
NLF loans	2,148,372	2,312,261
Total	**2,148,372**	**2,312,261**

12. Trade Payables and Other Current Liabilities

	2024-25 £000	2023-24 £000
Amounts falling due within one year:		
Trade payables	-	1
Accruals and deferred income	2,494	2,882
Lease obligations	488	432
NLF interest payable	10,976	10,190
Current part of NLF loans	279,841	283,994
Amounts issued from the Consolidated Fund for supply but not spent at year end	31	246
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	-	133
Total	**293,830**	**297,878**

	2024-25 £000	2023-24 £000
Amounts falling due after more than one year:		
Lease obligation > 1 year	4,364	4,800
NLF loans	2,148,372	2,312,261
Total	**2,152,736**	**2,317,061**

12a. IFRS 16 Leases

	2024-25 £000	2023-24 £000
***Total future lease payments under lease obligations are given in the table below for each of the following periods:**		
No later than one year	488	432
Later than one year and not later than five years	1,655	1,771
Later than five years	2,709	3,029
Total	**4,852**	**5,232**

13. Contingent Liabilities Disclosed Under IAS 37

The department has recently moved into the UK Government Hub in Edinburgh for an indefinite period of time, and at the current time it is not expected there will be any future dilapidation costs around the lease should we choose to exit. However, there is a possibility that costs may be incurred in the future and this will be subject to annual review going forward.

14. Related-party Transactions

The Scotland Office and Office of the Advocate General for Scotland 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 The Scotland Office and Office of the Advocate General for Scotland Board members have no related-party transactions to disclose.

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

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 Renumeration Report.

15. Entities within the departmental boundary

The entities within the boundary during 2024–25 were as follows:

List of entities analysed between:

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

16. 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.

There are no material events to report.

17. Restatement of the Statement of Cash Flows

The SO and OAG accounts for loans from the NLF which are then lent onwards to the Scottish Government. The responsibility for repayment of principal and interest falls on the Scottish Government and is a charge on the Scottish Consolidated Fund.

Outstanding loan balances held by the SO and OAG are included within the Trade and Other payables and financial liabilities and cash inflows and outflows between the NLF and SO and OAG are classified as financing activities within the Statement of Cash Flows.

Amounts lent on to the Scottish Government are treated as financial assets and receivables and cash inflows and outflows between the SO and OAG and the Scottish Government are classified as investing activities within the Statement of Cash Flows.

Within the 2023-24 published financial statements, the Statement of Cash Flows for the year ended 31 March 2024 incorrectly presented the directions of the cash flows related to NLF repayments, resulting in a £675m classification error between investing and financing cashflows. In accordance with IAS 8, the 2023-24 Statement of Cash Flows has been restated to correct this error as outlined below. There is no impact on the opening balances of the earliest prior period presented, as the error was confined to the Statement of Cash Flows and did not affect any other areas of the financial statements.

	Statement of Cash Flows in 2023-24 published accounts	Restatement Adjustment	Retstated 2023-24 Statement of Cash Flows
	£000	£000	£000
Net cash outflow from operating activities	(45,970,447)		(45,970,447)
Purchase of Plant and Machinery and Fixtures and Furnishings	(25)		(25)
Repayments from other bodies (interest)	(56,435)	112,870	56,435
Repayments from other bodies (capital)	(281,083)	562,166	281,083
Loans to Scottish Government	(404,000)		(404,000)
Net cash outflow from investing activities	**(741,543)**	**675,036**	**(66,507)**
From the Consolidated Fund (Supply) - Current Year	45,970,849		45,970,849
Advance from the Contingencies Fund	703,711		703,711
Repayment of advance from the Contingencies Fund	(703,711)		(703,711)
Payment of lease liabilities (capital)	(477)		(477)
Finance expense on lease liabilities	49		49
Repayment of loans from the National Loans Fund (interest)	56,435	(112,870)	(56,435)
Repayment of loans from the National Loans Fund (capital)	281,083	(562,166)	(281,083)
Loans received from National Loans Fund	404,000		404,000
Net Cash Inflow from Financing Activities	**46,711,939**	**(675,036)**	**46,036,903**
Net (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	(51)		(51)

Chapter 4: Public Expenditure Financial Tables

Table 1 - Spending by Scotland Office & Scottish Government 2022-23 to 2025-26

	2022-23 Outurn £'000	2023-24 Plans £'000	2023-24 Outurn £'000	2024-25 Plans £'000	2024-25 Outurn £'000	2025-26 Plans £'000
Resource expenditure within Administration Costs	12,402	13,155	13,382	13,818	13,264	14,696
Other resource expenditure	284	413	302	413	280	1,163
Scotland Office Resource (2)	**12,686**	**13,568**	**13,684**	**14,231**	**13,544**	**15,859**
Scotland Office Capital	35	450	25	50	44	500
Scotland Office Resource + Capital DEL (2)	**12,721**	**14,018**	**13,709**	**14,281**	**13,588**	**16,359**
less depreciation & impairments	*(607)*	*(593)*	*(585)*	*(605)*	*(595)*	*(605)*
Scotland Office DEL (3)	**12,114**	**13,425**	**13,124**	**13,676**	**12,993**	**15,754**
Scottish Government Expenditure (The Scottish Block) (6)						
Scottish Government Resource (Before Block Grant Adjustment) (2)	36,987,727	40,131,297	38,836,793	41,691,366	40,448,899	43,497,470
less Block Grant Adjustment	*(11,173,751)*	*(11,261,510)*	*(11,261,510)*	*(14,726,453)*	*(14,726,453)*	*(15,560,978)*
Scottish Government Resource (2)	25,813,976	28,869,787	27,575,283	26,964,913	25,722,446	27,936,492
Scottish Government Capital	6,175,597	6,423,560	5,952,943	5,920,263	5,839,556	6,555,291
Scottish Government Resource + Capital DEL (3) (5)	**31,989,573**	**35,293,347**	**33,528,226**	**32,885,176**	**31,562,002**	**34,491,783**
less depreciation & impairments	*(1,207,524)*	*(2,522,605)*	*(1,492,698)*	*(1,765,923)*	*(1,024,127)*	*(1,765,924)*
Scottish Government Total DEL(3)(5)	**30,782,049**	**32,770,742**	**32,035,528**	**31,119,253**	**30,537,875**	**32,725,859**

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments.

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

Table 2 - Cash grant paid to the Scottish Consolidated Fund 2023-24: Provision & Final Outturn

	Original Provision £million	Final Provision £million	Final Outturn £million
Expenditure Classified as Departmental Expenditure Limit (2)	34,354	35,255	34,232
Expenditure Classified as Annually Managed Expenditure	7,450	5,011	4,543
Expenditure Financed by Scottish Taxes	16,245	16,265	16,248
Expenditure Financed by Borrowing	491	581	404
Fiscal Framework Funding	310	539	66
Repayment of Principal on Loans	(217)	(217)	(217)
Drawdown from the Scotland Reserve	-	327	327
Non Domestic Rates	3,047	3,047	3,047
Total Managed Expenditure	**61,680**	**60,808**	**58,650**
Adjustments to cash requirement			
Non-budgetary cash items	546	346	346
Depreciation and Impairments	(2,832)	(2,481)	(1,670)
Other Cash to accruals adjustments	(6,989)	(4,512)	(4,377)
Non Domestic Rates Income	(3,047)	(3,047)	(3,047)
National Insurance Fund Payments towards Scottish NHS	(2,670)	(2,815)	(2,815)
Income from Scottish Taxes	(16,245)	(16,265)	(16,248)
Repayment of Principal on Loans	217	217	217
Borrowing	(491)	(581)	(404)
Fiscal Framework Funding	(310)	(539)	(66)
Change to balance held in Scottish Consolidated Fund	-	-	(23)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office (3)	**29,859**	**31,131**	**30,563**

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).

(4) Final provision includes £1,152m carry forward to 2021-22.

Table 3 - Cash grant paid to the Scottish Consolidated Fund 2024-25: Provision and Provisional Outturn

	Original Provision £million	Final Provision £million	Provisional Outturn £million
Expenditure Classified as Departmental Expenditure Limit (2)	31,412	32,885	31,562
Expenditure Classified as Annually Managed Expenditure	4,336	5,259	4,170
Expenditure Financed by Scottish taxes and other Fiscal Framework transactions	21,324	21,263	21,269
Expenditure Financed by Capital Borrowing	338	300	139
Expenditure Financed by Resource Borrowing	458	-	-
Repayment of Principal on Loans	(265)	(266)	(266)
Drawdown from the Scotland Reserve	-	409	409
Expenditure Financed by Non Domestic Rates	3,068	3,068	3,068
Total Managed Expenditure	**60,671**	**62,918**	**60,351**
Adjustments to cash requirement			
Non-budgetary cash items	746	746	46
Depreciation and Impairments	(1,957)	(1,657)	(1,119)
Other Cash to accruals adjustments	(3,738)	(4,268)	(3,846)
Non Domestic Rates Income	(3,068)	(3,068)	(3,068)
National Insurance Fund Payments towards Scottish NHS	(2,845)	(2,922)	(2,922)
Income from Scottish Taxes and other Fiscal Framework transactions	(21,324)	(21,263)	(21,269)
Repayment of Principal on Loans	265	266	266
Borrowing	(796)	(300)	(139)
Change to balance held in Scottish Consolidated Fund	-	-	(46)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office (3)	**27,954**	**30,452**	**28,254**

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 2025-26: Provision

	Original Provision £million
Scottish Block Grant [2]	34,050
UK Government Funded AME	3,816
Expenditure Financed by Scottish taxes and other Fiscal Framework transactions	23,400
Expenditure Financed by Capital Borrowing	472
Expenditure Financed by Resource Borrowing	-
Repayments of Principal on Loans	(335)
Expenditure Financed by Non Domestic Rates	3,114
Total Managed Expenditure	**64,517**
Adjustments to cash requirement	
Non-budgetary cash items	746
Depreciation and Impairments	(1,874)
Other Cash to accruals adjustments	(3,209)
Non Domestic Rates Income	(3,114)
National Insurance Fund Payments towards Scottish NHS	(2,974)
Income from Scottish Taxes and other Fiscal Framework transactions	(23,400)
Repayments of Principal on Loans	335
Borrowing	(472)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office [3]	**30,555**

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).