



UK
Government

Scotland Office
and
Office of the Advocate General for Scotland

Annual Report and Accounts

1 April 2025 - 31 March 2026





Scotland Office
and
Office of the
Advocate General for Scotland

Annual Report and Accounts 2025-26
(For the year ended 31 March 2026)

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by Command of His Majesty

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Any enquiries regarding this publication should be sent to us at:
The Scotland Office, Queen Elizabeth House,
Edinburgh, EH8 8FT. Enquiries@ukgovscotland.gov.uk

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Chapter 1: The Performance Report

Foreword by the Secretary of State for Scotland

As Secretary of State, I am proud to present this Annual Report and Accounts for 2025-26. Over the past year, we have focused on four key priority outcomes: delivering deep-rooted economic renewal, pioneering and delivering clean energy jobs, expanding global trade, and strengthening our constitutional foundations. This Report sets out clearly the strength, solidarity and security that the UK Government is delivering in Scotland.



Our first priority has been to boost growth across Scotland's vital sectors and regions to improve daily living standards. We are doing this through historic capital injections. The newly confirmed AI Growth Zone in Lanarkshire, established in January 2026, has leveraged £8.2 billion in private sector investment from an initial £5 million UK Government baseline, supporting over 3,400 advanced jobs. Simultaneously, our defence sector is beating global competition. We have secured a £10 billion Norwegian Navy shipbuilding contract on the Clyde, a £4 billion maritime deal primarily benefiting Rosyth, and an £8 billion aerospace agreement supplying Typhoon fighter jets. To sustain this momentum, we launched the £50 million Defence Growth Deal and unlocked £25 million for the Forth Green Freeport.

Crucially, economic growth must feel real to communities. The Scotland Office has overseen Phase 2 of our Pride in Place programme, directing £280 million into 14 of Scotland's most deprived neighbourhoods, putting decision-making directly into the hands of local people. Combined with our new £140 million Local Growth Fund and our collaborative £120 million package to protect hundreds of jobs at the Grangemouth industrial cluster, we are systematically lifting household incomes and upgrading public spaces.

Second, we are driving Scottish exports onto the world stage. The inaugural year of our Brand Scotland programme unlocked major international defence and retail agreements through trade missions to Australasia and targeted showcases from Boston to Sofia. Domestically, we delivered practical workshops across major Scottish cities to help our SMEs confidently navigate EU trade barriers.

Third, Scotland is at the heart of the government's drive on energy security. This Government has set out a plan to build a prosperous and sustainable future for the North Sea, backed by record investment to grow clean energy industries, support the management of existing oil and gas fields for their lifespan, and help North Sea workers make the transition. Massive network upgrades by SSEN and Scottish Power are projected to deliver nearly 19,000 jobs, while our Allocation Round 7 contracts bolster major offshore wind projects. We are ensuring a fair transition for North Sea workers by pairing our £200 million Acorn carbon capture commitment with robust career support, including the new North Sea Jobs Service.

Finally, the Scotland Office remains the dedicated guardian of the devolution settlement. Through working with the Scottish Government, we delivered seven crucial Scotland Act Orders this reporting year – including a pivotal Section 30 Order regarding the Assisted Dying Bill, ensuring that the Scottish Parliament was able to exercise its right to decide whether to proceed with this legislation in Scotland. We also continue to implement the Scotland Act 2016 in full, ensuring delivery of welfare Scotland Act Orders such as The Social Security (Scotland) Act 2018 (Carer's Assistance) (Consequential Modifications) Order 2026 in March 2026.

I am proud of the work of my department: The activities detailed in this report ensure that Scotland is not only better funded over the next three years, but that people have more money in their pocket, are safer, and are living in revitalised communities.

A handwritten signature in black ink, appearing to read 'Douglas Alexander', written in a cursive style.

The Rt. Hon. Douglas Alexander MP
Secretary of State for Scotland

Foreword by the Advocate General for Scotland

I am pleased to provide the foreword to this Annual Report, as I approach the end of my second year as Advocate General for Scotland. In the last year, the gravity of my role as a Law Officer and the principal legal adviser on Scots law to the UK Government has only become more apparent. My commitment to the rule of law remains the cornerstone of my work, guiding every piece of advice and every legal intervention made by my Office.



I continue to be profoundly grateful to the dedicated officials within the Office of the Advocate General (OAG). Their expertise in providing high-quality legal advice, drafting, and litigation services is indispensable to the UK Government's successful delivery of its objectives in and for Scotland. I also wish to thank OAG Director, Neil Taylor, and his Senior Leadership Team for their steady guidance. The pages of this report detail the significant contribution OAG makes to ensuring the UK Government's interests are properly represented and the UK's legislative and legal frameworks function effectively for the people of Scotland and the rest of the UK.

Our role as a vital conduit between the UK Government and Scots law has been particularly visible this year. Whether through the scrutiny of UK Parliament Bills or ensuring the seamless integration of UK-wide policy with our distinct legal system, OAG officials have demonstrated exceptional diligence. We remain the guardians of the devolution settlement; as the Scotland Act 1998 enters its 28th year, its robustness is maintained through our careful examination of the legislative competence of Bills passed by the Scottish Parliament, and sound judgement about material to be included in UK Parliament Bills. This work ensures that devolution remains healthy, predictable, and legally sound.

The OAG litigation teams deserve special recognition for their tireless work in the Courts and Tribunals of Scotland. While some cases naturally command public attention, the vast majority of our work involves the quiet, meticulous defence of the UK Government's position to the highest professional standards. This year's successful outcomes are a testament to their skill and unwavering commitment to the public interest. A notable step over the past year has been the appointment of a panel of Special Advocates from which to draw in relation to acting in certain types of sensitive proceedings in the Scottish courts, with that arrangement being called upon in recent high-profile litigation.

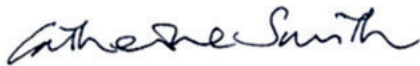
While my duties frequently require my presence in London, I remain primarily based in Scotland. This decision reflects my commitment to rooting myself in the jurisdiction whose interest I serve. It also reflects my commitment to supporting high level UK Government roles being based outside of London and allowing the people of Scotland to see those who serve them doing so from Scotland. I am delighted the Permanent Secretary of HMRC is similarly basing himself in Queen Elizabeth House in Edinburgh, demonstrating that this is a modern, family-friendly government that leads by example. To support this arrangement, my Private Office has undergone a number of changes

to ensure we are equipped to work across both capitals, including the permanent basing of a member of the Private Office team in Edinburgh. This year has also seen a number of colleagues leave the Private Office and the wider OAG to take up new opportunities elsewhere. I would like to thank them all for their exceptional service and the support they provided to me and the Office during their time with us.

Collaboration is at the heart of our success. I have continued to value the close partnership with the Attorney General and the Solicitor General for England and Wales. Together, as Law Officers, we have navigated complex domestic and international legal challenges, helping to ensure a unified and principled approach across the UK Government in what has been globally an eventful year. Similarly, our work alongside the Secretary of State for Scotland and other departments has been essential in providing a coherent legal voice for Scotland within the UK Government.

Over the past year I have continued to meet regularly with the Lord Advocate and Solicitor General for Scotland. We have a shared belief in the importance of the rule of law and collaboration in ensuring that both governments work effectively for the benefit of all citizens. I greatly value our constructive relationship built on a strong foundation of mutual respect, and look forward to continuing to work with their offices. I also remain a committed supporter of the Government Legal Service for Scotland from which I draw my civil service lawyers.

As I look toward the year ahead, I am mindful of the legal challenges that lie on the horizon, but I am equally optimistic about the opportunities to further strengthen our legal institutions. I offer my sincere thanks to all the civil servants in my department. It is through our collective efforts that Scotland's legal interests are accounted for with integrity and rigour at the very heart of the UK Government.

A handwritten signature in black ink, reading "Catherine Smith". The signature is written in a cursive, flowing style.

Catherine Smith KC
Advocate General for Scotland

Foreword by the Director of the Scotland Office

It is a great privilege to be presenting the 2025-26 Scotland Office and Office of the Advocate General (OAG) Annual Report and Accounts. This Annual Report demonstrates the Scotland Office and OAG's strong fiscal and governance management and clear strategic delivery against both our respective departmental strategic objectives.



I took on the leadership of the Scotland Office in August 2025, alongside my role as the Scotland Office and OAG Accounting Officer. I would like to extend my gratitude to Laurence Rockey, Director of the Scotland Office from 2020-25. In addition, I would like to thank both Anna MacMillan, who took on the role of interim Director, and Neil Taylor who was interim Accounting Officer, for both their leadership and work in the department in the period before I took up my post on 1 August 2025.

I would like to pay tribute to their achievements and those of the team across the Scotland Office and OAG during that time. The past year has seen significant change, and I am immensely proud of the dedication and commitment of civil servants across the Offices in supporting the Ministerial team and reorienting our work to their priorities.

In the short time I have been here, we have contributed to significant outcomes of benefit to Scotland. This includes our role in securing multi-billion-pound strategic investments in Scotland, international defence contracts supporting Scotland's economy, and delivery of key regional investment.

This past year has seen the Scotland Office take on more responsibility as a delivery department, driving forward tangible outcomes for people across Scotland. This has included our work to support the signing of the Forth Green Freeport Memorandum of Understanding, unlocking £25 million in seed capital. Additionally, we addressed localised economic disparity via the £140 million Local Growth Fund designed and delivered by the Scotland Office and Phase 2 of the Pride in Place programme. This programme channelled up to £280 million into 14 of Scotland's most disadvantaged neighborhoods.

In terms of financial discipline, this was the first full financial and reporting year which saw the Scotland Office deliver and execute Brand Scotland within the programme budget of £750k. This was secured at the Autumn Budget 2024, with a further £2.25 million secured in the Spending Review 2 settlement. This will support economic growth and promote Scottish culture, products and services through diplomatic and trade networks.

Brand Scotland led directly to unlocking major defence and retail export deals for Scottish industries and businesses through global trade missions and showcases, as well as delivering practical workshops around Scotland to help Scottish SMEs navigate and overcome EU trade barriers. Lessons learned from this cycle will be integrated into the remaining two years of committed spend.

As guardians of the devolution settlement, the department successfully managed the Scotland Act Order Programme, laying and making 7 vital pieces of secondary

legislation. The Offices also supported other UK Government departments to deliver legislation in the UK Parliament that fully takes account of the devolution settlement.

An additional part of my role is to act as Joint Head of Place for the UK Government in Scotland, co-leading with Craig Ogilvie (Director, Making Tax Digital, HMRC). We have co-led the development and implementation of a Place Plan within the Cabinet Office Places for Growth Programme to provide cross-Government leadership connecting UKG policy and delivery more with place and to foster a sense of cross-government community and identity across the region.

Finance and Governance

The work of both the Scotland Office and OAG is underpinned by five principles of efficiency and good corporate governance. They are:

- Providing value for money and managing costs effectively;
- Ensuring good financial management, responding accurately and promptly to correspondence;
- Maintaining a competent, highly motivated workforce;
- Managing information effectively; and
- Creating a pleasant working environment.

Both Offices put these principles into practice in carrying out their key corporate activities. Details on each are provided in the relevant sections of this Report.

Finally, I would like to say thank you to all my colleagues across the Scotland Office and the OAG for their work and dedication over the last year in delivering for people and businesses across Scotland. I look forward to working closely with the management team, the Joint Management Board and Non-Executive Directors as they offer invaluable insight, advice and challenge to the Department. I am excited about leading the Scotland Office in the years ahead as we further extend our delivery role and ensure that Scotland's interests remain at the heart of the UK Government.



Fiona Mettam

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

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 for Scotland in promoting the best interests of Scotland within a strong and successful 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 as making a visible difference to the people of Scotland.

The Scotland Office Mission Statement

- 1. To represent Scotland within the UK Government; and**
- 2. Representing and delivering for the UK Government in Scotland.**

Scotland Office Performance Overview 2025-26

The 2025-26 reporting year follows on from a General Election and a Spending Review in the previous financial year. The 2025-26 reporting year has also seen significant changes in the department: a new Scotland Office Director, Fiona Mettam was appointed; a Cabinet reshuffle saw The Rt Hon Douglas Alexander appointed as SofS for Scotland; and three new Non-Executive Directors [NEDs] were appointed to the Scotland Office and OAG Joint Management Board.

The Scotland Office has four strategic priority outcomes:

- Outcome 1: Increase growth in key Scottish sectors and regions and improve living standards across Scotland.**
- Outcome 2: Increase exports from Scotland.**
- Outcome 3: Increase renewable energy generation in Scotland to maintain employment levels across the Scottish energy industry.**
- Outcome 4: Increased visibility and understanding of the devolution settlement and UKG programmes delivered in Scotland.**

These four outcomes provide the department with the foundations for supporting the delivery of mission-led government and the Plan for Change in Scotland.

Priority Outcome 1: Increase growth in key Scottish sectors and regions and improve living standards across Scotland.

Performance Report

The Scotland Office has coordinated UK Government investment to place Scotland at the centre of the Modern Industrial Strategy, and many of its priority sectors - such as defence, energy, advanced manufacturing, life sciences and financial services - are major catalysts for Scotland's economic renewal. The UK Government has mobilised substantial investment and secured multi-billion-pound international partnerships to drive economic renewal, skill development, and job creation across Scotland. This comprehensive growth strategy spans advancements in artificial intelligence, a massive expansion of the defence sector, and the activation of key regional trade hubs.



Parliamentary-Under Secretary of State for Scotland Kirsty McNeill at the launch of the UK Government's Scotland Investment Acceleration Programme.

A key example of this ambition is the newly confirmed AI Growth Zone in Lanarkshire, officially established on 29 January 2026. Backed by an initial £5 million UK Government investment focused on local AI adoption and skills training, the zone has successfully leveraged approximately £8.2 billion in private sector investment. This initiative is projected to support more than 3,400 jobs, bringing advanced industries and fresh commercial opportunities to North Lanarkshire while boosting the broader economy of central Scotland.

Scotland's defence industry is a key driver for growth in Scotland's economy, as highlighted in the UK Government's Industrial Strategy. Scottish defence expertise and capabilities is beating competition from countries all over the world, boosting order books and securing thousands of jobs at home for years to come. Key delivery milestones include:

- **Maritime Manufacturing:** The activation of a £10 billion contract to build ships for the Norwegian Navy on the Clyde, alongside a newly signed strategic partnership with Indonesia. This includes a £4 billion maritime deal securing 1,000 UK jobs, the majority of which are located at Babcock's Rosyth shipyard.
- **Aerospace and Advanced Systems:** An up to £8 billion agreement to supply Turkey with 20 Typhoon fighter jets – sustaining over 800 jobs in Scotland – complemented by a further £453 million contract dedicated to manufacturing Typhoon radar systems.

To sustain this industrial momentum, targeted investments are being funnelled directly into workforce skills and regional infrastructure:

- **The £50 Million Defence Growth Deal:** Announced on 12 March 2026, this joint initiative between the Scotland Office, the Ministry of Defence, local industry, and educational partners aims to strengthen Scotland's defence industrial base. The initial £20 million tranche allocates £10 million to fund two new defence innovation centres in Rosyth and Helensburgh, and up to £10 million to establish Defence Technical Excellence Colleges.
- **The Forth Green Freeport:** Progressing regional trade infrastructure, a formal Memorandum of Understanding (MoU) was signed with the Scottish Government on 15 January 2026. This agreement officially unlocks £25 million in UK Government seed capital funding to catalyse development, manufacturing, and green trade in the Forth region.

The Scotland Office has also led the delivery in Scotland of a comprehensive suite of Local Growth programmes which represent a multi-million pound investment strategy to deliver deep-rooted economic regeneration, infrastructure modernisation and community-led empowerment across Scotland. The injection of targeted UK Government funding across these initiatives is systematically boosting living standards by revitalising local economies, transforming neglected community infrastructure, and empowering residents with direct civic control. Through Phase 2 of the Pride in Place Programme announced in September 2025, up to £280 million is being channeled into 14 of Scotland's most deprived neighbourhoods, putting financial decision-making directly into the hands of resident-led Neighbourhood Boards. This hyper-local approach ensures funding directly tackles the weakest social infrastructure, mirroring the success of the £200 million Phase 1 rollout where community-driven ideas are already materializing into safer streets and better amenities, such as increased CCTV to combat anti-social behaviour in Peterhead and town centre regeneration in Elgin. Immediate quality-of-life upgrades are being felt through the £12 million Pride in Place Impact Fund, which is actively transforming the daily environments of families by upgrading playparks in West Dunbartonshire and improving public hubs like Port Glasgow town centre and Dundee's Camperdown Park.

Beyond localized community pride, living standards are being permanently uplifted through strategic, long-term economic interventions that create jobs, enhance connectivity, and secure household incomes. In January 2026 the Scotland Office launched a £140 million Local Growth Fund directly targeting the five Scottish regions with the lowest living standards by investing heavily in regional infrastructure, business support, and employability skills to help residents transition into higher-paying work.

Simultaneously, major capital injections were announced from the Growth Mission Fund to drive industrial renewal, including up to £20 million to upgrade the Inchgreen Dry Dock, up to £20 million to redevelop Kirkcaldy's seafront, and a ringfenced £3 million to upgrade the Port of Rosyth for a new direct-to-Europe ferry service that will stimulate regional freight and passenger trade. When combined with the UK Government's £1.5 billion investment in the City Region and Growth Deal programme - which is actively delivering state-of-the-art facilities like the Ayrshire Innovation Park, the Mountain Bike Innovation Centre in Innerleithen, and the new Westerhill Development Road in Glasgow - these coordinated investments ensure that Scotland is not only better funded over the next three years than under previous frameworks, but that its communities are safer, better connected, and economically resilient.

In the 2025-26 Reporting year the Scotland Office has continued to work closely with Department for Net Zero & Energy Security (DESNZ), Department for Business & Trade (DBT) and the Scottish Government to secure a prosperous future for the Grangemouth industrial cluster, including through the £200 million from the National Wealth Fund announced in February 2025. The Scotland Office has also partnered with other government departments to support around 300 workers to secure new, highly skilled jobs, invested seed funding in promising new projects and provided a £120 million support package (as part of a £150 million joint package with INEOS) to secure 500 jobs at Grangemouth and across the supply chain while protecting vital chemical production.



Secretary of State for Scotland Douglas Alexander, visiting the Grangemouth site to finalise and announce the rescue package, alongside Chancellor Rachel Reeves and Secretary of State for Business and Trade Peter Kyle.

Performance metrics:

- Real terms increases to [GDP per capita, Scotland and Scottish local authority level](#) (benchmark 2023)
- Real terms increases to [Gross Disposable Household Income \(GDHI\) per capita, Scotland and Scottish local authority level](#) (benchmark 2023)

Outcome 2: Increase exports from Scotland.

Performance Report

During the 2025–26 period, the Scotland Office successfully delivered the first year of the Brand Scotland programme, collaborating with the Department for Business and Trade (DBT) and the Foreign, Commonwealth & Development Office (FCDO) to boost onshore exports and secure inward investment.



Parliamentary-Under Secretary of State for Scotland Kirsty McNeill visited the Tokyo Seafood Expo 2025 Osaka Expo, supporting Seafood Scotland and Scottish exhibitors during a Brand Scotland Trade Mission to Japan.

Delivery highlights from the past year included high-impact ministerial visits and soft-power events, such as a Burns Night Reception at 10 Downing Street to engage cultural and business leaders, and a strategic trade mission to Australia, New Zealand, and Singapore that unlocked major multi-billion-pound defence export opportunities. Through the UK's overseas network, the programme funded targeted international activities – including a life sciences and AI roundtable in Boston, a Burns Night commercial event in Baku, and a premium food and drink showcase in Sofia. These initiatives yielded immediate economic results, such as a £200,000 retail agreement for Yester Farm Dairies in Spain following a Brand Scotland campaign in Barcelona.

Domestically, the programme concluded the cycle by delivering a series of two-day practical workshops across Glasgow, Dundee, Edinburgh, and Inverness, directly equipping Scottish small and medium-sized enterprises (SMEs) with the tools to navigate trade barriers and successfully access the EU market.

The full spend for this financial year is £661,000, resulting in a 12% underspend of the overall annual budget. Lessons learnt from the first year's programme will be reviewed and applied to the remaining two years committed spend.

Performance metrics

- Real terms increase in the value of exports from Scotland to the rest of the world (i.e outside UK) - [Scotland GDP Quarterly National Accounts, expenditure approach, chained volume measures, exports to the rest of the world](#) (benchmark year to end June 2024)

Outcome 3: Increase renewable energy generation in Scotland to maintain employment levels across the Scottish energy industry.

Performance Report

The Scotland Office is working to ensure that Scotland is at the centre of the Clean Energy transition. The Scotland Office and the wider UK Government have actively driven Scotland's renewable energy expansion to safeguard and maintain employment levels across the energy sector, ensuring a fair and prosperous transition for the highly skilled workforce. Central to this strategy is accelerating major infrastructure upgrades; for instance, SSEN is projected to create up to 17,500 jobs across Scotland (including 8,400 in the north), while upgrades to the Scottish Power Transmission Network are set to deliver 1,400 direct roles.



Secretary of State for Scotland Douglas Alexander visits Forth Valley College in Falkirk to meet students and discuss training provision for Scotland's growth sectors, including skills transition.

Further momentum was achieved in January 2026 when two major Scottish offshore wind projects, Pentland and Berwick Bank, successfully secured backing through Allocation Round 7 of the UK Government's Contracts for Difference scheme. At the same time other major renewables manufacturers, such as Vestas, are committing to Scotland with the support of the department and the wider UK Government.

To ensure these new opportunities directly benefit existing oil and gas workers as the North Sea transitions, the UK Government has paired a £200 million commitment to the Acorn carbon capture and storage project with robust workforce support. This includes the launch of the North Sea Jobs Service to offer end-to-end career transition assistance, the expansion of the Energy Skills Passport, and up to £20 million in funding for the Transition Training Fund, all meticulously designed to absorb specialised engineering talent and secure a long-term economic future for Scotland's energy communities.

Performance metrics

- [Low carbon and renewable energy economy employment \(FTE\) in Scotland, \(Benchmark 2023\)](#)
- [Renewable electricity generation capacity in Scotland \(MW\)](#)

Priority Outcome 4: Increased visibility and understanding of the devolution settlement and UK Government in Scotland.

Performance Report

Throughout 2025–26, the Scotland Office actively contributed to intergovernmental operations, ensured the work of the UK Government was present in Scotland, and enhanced public communication in Scotland.

Acting as the guardians of the devolution settlement, the department worked closely with the Cabinet Office and other UK Government departments to ensure administrative frameworks worked effectively, used formal intergovernmental structures to foster partnership working with the Scottish Government in areas of shared responsibility and successfully coordinated the Scotland Act Orders Programme.

Under the Places for Growth initiative, the Director of the Scotland Office serves as joint Head of Place for Scotland, collaborating across departments to expand and develop UK Government presence within major hubs like Queen Elizabeth House and 1 Atlantic Square, maximising the visibility and impact of the UK Government civil service. The department executed a tailored communications strategy, working across government to deliver efficient, relevant messaging that engaged Scottish stakeholders, businesses, and the wider public, while simultaneously boosting local communications capabilities through targeted training and secondment opportunities.

The Scotland Office supports the delivery of a number of the UK Government's constitutional and devolution 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 also manages an ongoing programme of Scotland Act Orders to ensure the effective functioning of the devolution settlement, and continues to oversee the implementation of the Scotland Act 2016 and ministerial responsibilities under the settlement.

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 those making adjustments to the settlement 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. Therefore, the programme is strongly reliant on close, clear and frequent communication.

A range of Scotland Act Orders were delivered between April 2025 and March 2026 including the Section 30 Scotland Act Order which temporarily adjusted the legislative competence of the Scottish Parliament to enable the Scottish Parliament to consider the Assisted Dying for Terminally Ill Adults (Scotland) Bill

Between 1 April 2025 and 31 March 2026, 7 Scotland Act Orders were laid and made in the UK Parliament by the Scotland Office:

- *The Disclosure (Scotland) Act 2020 (Consequential Provisions) Order 2025*
- *The Moveable Transactions (Scotland) Act 2023 (Financial Collateral Arrangements and Financial Instruments) (Consequential Provisions and Modifications) Order 2025*
- *The Scotland Act 1998 (Increase of Borrowing Limits) Order 2025*
- *The Scotland Act 1998 (Agency Arrangements) (Specification) (Recognition of Qualifications) Order 2025*
- *The Education (Scotland) Act 2025 (Consequential Provisions and Modifications) Order 2025*
- *The Scotland Act 1998 (Modification of Schedule 5) Order 2026*
- *The Social Security (Scotland) Act 2018 (Carer's Assistance) (Consequential Modifications) Order 2026*

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 have made significant progress transferring the powers devolved to the Scottish Parliament since 2016.

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

currently held biannually, with the most recent meeting held on 3rd February 2026 where it was agreed that following the transfer of welfare powers to Social Security Scotland, the future of the group and its terms of reference should be discussed at the next meeting. 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 Department for Work & Pensions (DWP), in the interests of all people living in Scotland.

In May 2025, the Scotland Office published the Ninth Annual Report on the implementation of the Scotland Act 2016. This provides an annual update on the transfer powers devolved under the Scotland Act 2016 to the Scottish Parliament and Scottish Government and can be found at:

[Ninth Annual Report on the implementation of the Scotland Act 2016 - GOV.UK](#)

The Tenth Annual Report is due to be published in summer 2026.

Performance metrics

- Publicly available metrics on the understanding of the devolution settlement in Scotland - e.g. Scottish Social Attitudes Survey
- Publicly available metrics on participation and uptake in Scotland for UK-wide programmes
- Places for Growth Relocations Data

Part 2: Office of the Advocate General for Scotland

Delivery of Objectives in 2025-26

The Office of the Advocate General (OAG) set the following strategic objectives for 2025-26.

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 2025-26 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 2025-26 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 (in particular, those noted below); 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.

- Industry and Exports (Financial Assistance) Act 2026
- House of Lords (Hereditary Peers) Act 2026
- Finance Act 2026
- Sustainable Aviation Fuel Act 2026
- Medical Training (Prioritisation) Act 2026
- Biodiversity Beyond National Jurisdiction Act 2026
- Sentencing Act 2026
- Employment Rights Act 2025
- Planning and Infrastructure Act 2025
- Border Security, Asylum and Immigration Act 2025
- Animal Welfare (Import of Dogs, Cats and Ferrets) Act 2025
- Property (Digital Assets etc) Act 2025
- Public Authorities (Fraud, Error and Recovery) Act 2025
- Absent Voting (Elections in Scotland and Wales) Act 2025
- Renters Rights Act 2025
- Deprivation of Citizenship Orders (Effect during Appeal) Act 2025
- Armed Forces Commissioner Act 2025
- Product Regulation and Metrology Act 2025
- Data (Use and Access) Act 2025
- Great British Energy Act 2025
- Terrorism (Protection of Premises) Act 2025
- Armed Forces Bill
- Children's Wellbeing and Schools Bill
- Courts and Tribunals Bill
- Crime and Policing Bill
- Cyber Security and Resilience (Network and Information Systems) Bill
- Northern Ireland Troubles Bill
- Pension Schemes Bill
- Public Office (Accountability) Bill
- Railways Bill
- Representation of the People Bill
- Tobacco and Vapes 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 petitions for Judicial Review challenging decisions made by the Secretary of State for the Home Department and the Secretary of State for Work and Pensions.

Last year we dealt with 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, two Scottish pensioners, argued that the decision made by the Minister for England & Wales had a direct impact in Scotland because of the subsequent reduction in the Scottish Block Grant. Despite finding that the petitioners had standing to challenge the decision of the UK Government in Scotland, Lady Hood found in favour of the UK Government in relation to the merits of action and the Petitioners chose not to reclaim (appeal) the decision to the Inner House.

This year we are dealing with a Petition for Judicial Review challenging the decision of the Secretary of State for the Home Department to proscribe Palestine Action. This is the first case in the Scottish Courts requiring CLOSED material proceedings, introduced to protect sensitive material that the UK Government wishes to rely on in defending the action, but which cannot be released to the public due to concerns for national security. Proceedings of this nature require the Advocate General for Scotland to appoint a Special Advocate to protect the rights of the Petitioner in the CLOSED proceedings given he is excluded from seeing the sensitive material along with his agents in the OPEN side of the proceedings.

This year we have also been dealing with the issue of the potential transfer of immigration and asylum petitions for Judicial Review from the Outer House of the Court of Session to the Upper Tribunal to be dealt with by experienced tribunal judges. Counsel for the Advocate General for Scotland has made submissions to both the Court of Session and the Upper Tribunal in relation to why it is considered that the vast majority of asylum and immigration cases should continue to be dealt with by the Court of Session.

Despite a decision of the Upper Tribunal affirming the views put forward for the UK Government, it is anticipated that there will be further litigation in the Scottish Courts and Tribunals in relation to this issue during the course of this year.

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](#).

His Majesty's Revenue & Customs (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 feature of this year has been high value insolvency proceedings in the Court of Session involving oil and gas companies. One case involved a challenge to a company voluntary arrangement entered into by a taxpayer company which would compromise tax debts arising from historic offshore manning arrangements. Another (ongoing) involves a challenge to a petition for sanction under Part 26A of the Companies Act 2006 by a company seeking

to restructure its debts in a way which would result in a tax loss to HMRC. Both have raised complex and novel points and involved close collaborative working with HMRC's in-house Legal Group. Also on offshore manning, the Division had successes at the First-tier Tribunal and the Upper Tribunal, protecting tax owed in relation to national insurance avoidance in the early years of the 21st century.

The Division acted for HMRC in the first appeal in the UK against refusal of compensation for loss arising from a frozen bank account. This was remitted by the Sheriff Appeal Court to the Inner House of the Court of Session on grounds of novelty and complexity. The decision, a win for HMRC, has provided welcome clarity on the operation of the relevant provisions of the Proceeds of Crime Act 2002 for HMRC, the Scottish Ministers' Civil Recovery Unit (with whom the division works closely on account freezing orders) and enforcement authorities across the UK.

On indirect taxes, the Division has handled an increasing volume of VAT appeals, including a £72 million complex VAT appeal consisting of a 15 day evidence hearing (decision awaited) and a number of duty and excise appeals with a focus on tobacco and alcohol duties.

On National Minimum Wage enforcement, the Division has acted for HMRC in appeals to the Employment Tribunal and in the sheriff court in relation to recovery of underpayments.

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 2025-26 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 2025-26. 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. Six Orders have been made by the Secretary of State or Privy Council in this reporting year. This included an Order under section 30(2) of the Scotland Act which temporarily adjusted the legislative competence of the Scottish Parliament in view of the Scottish Parliament's consideration of the Assisted Dying for Terminally Ill Adults (Scotland) Bill introduced by Liam McArthur MSP. Three Orders were made under section 104 of the Scotland Act to make provision which is necessary or expedient in consequence of other Acts of the Scottish Parliament (Education, Disclosure and Social Security Carer's Allowance). Orders were made to increase the borrowing limits applicable to

the Scottish Ministers and to enable an agency arrangement in relation to the recognition of non-UK and UK qualifications.

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 the 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. The Advocate General is a member of the Parliamentary Business and Legislation Committee which manages the UK Government's legislative programme. The Advocate General also spoke on behalf of the UK Government in the House of Lords on an order under section 30(2) of the Scotland Act 1998 in relation to the Assisted Dying for terminally Ill Adults (Scotland) Bill and an Oral Question on the Government's violence against women and girls strategy.

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 20 Bills of the Scottish Parliament that completed their passage in the course of 2025-26.

Part 3: Sustainability Reporting

This sustainability report has been prepared in accordance with 2025-26 guidelines laid down by HM Treasury in ‘Sustainability Reporting’ published at:

[Sustainability Reporting Guidance 2025-26 - GOV.UK](#)

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

The Scotland Office has reported on climate-related financial disclosures consistent with HM Treasury’s TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. The Scotland Office does not consider climate to be a principal risk, and has therefore complied with the TCFD recommendations and recommendations disclosures around:

- Governance
- Risk Management
- Metrics and Targets
- Strategy

Governance and Risk Management

The Scotland Office recognises that climate change and wider environmental emergencies present significant risks to society and the planet and will continue to monitor climate-related impact on the organisation through its existing governance framework.

Governance Oversight of climate-related risks and opportunities sits within the Scotland Office’s existing risk management framework.

Executive Committee Oversight

The Scotland Office has in place control processes commensurate with the size of the organisation to provide the Director with assurance over financial and operational risks, including those arising from Climate Change.

Management’s role

The governance of climate-related risks follows the existing risk management framework for risk reporting within the Scotland Office. While climate risk is not a principal risk for

the Scotland Office, the Office does have a designated individual responsible for overseeing climate-related risks and this is monitored regularly as part of existing processes. Oversight, including assessing and managing any identified risks, sits with the Executive Committee at the first instance in line with all other risks.

Metrics and Targets

The Scotland Office has continued to apply the Greening Government Commitment (GGC) emissions methodology for metrics. The metrics that the Scotland Office reports on are set out in the table below.

The Scotland Office is not required to meet any organisation-level targets.

Strategy

The Scotland Office does not consider climate to be a principal risk, and as a small Ministerial Department has sought to follow the principles of the TCFD recommendations and disclosures in a commensurate manner around its existing governance framework. At present, this process has not identified any climate-related risks or opportunities over the short, medium, or long term.

Greening Government Commitments

The Greening Government Commitments (GGCs), launched on 1 April 2011, requires 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](https://www.gov.uk/government/commitments/greening-government-commitments-2021-to-2025)

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

	2025-26	2024-25
Air Travel (CO2e tonnes)	38.31	75.42
Air Miles	282,695	291,080
Rail Travel (CO2e tonnes)	15.67	21.78
Rail Miles	441,957	381,551
Heating* (CO2e tonnes)	15.28	16.86
Electricity* (CO2e tonnes)	13.93	15.54
Waste* (CO2e tonnes)	0.09	1.91
Total CO2e Emissions (Tonnes)	83.28	131.51
Water Consumption* (Cubic Metres)	986	1,242
Paper (Reams)	87	145

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

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 2025-26 the Scotland Office spent £52.1 billion within the Parliamentary Supply Estimates (Supplementary Estimate). The Scotland Office's own running cost outturn was £14.9 million and the payment to the Scottish Consolidated Fund totalled £52 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 £430 million from the National Loans Fund in 2025-26.

Movements in Estimate Provision During 2025-26

At the start of the year the department was voted £52.5 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £53.9 billion largely due to a £1.4 billion increase in the payment to the Scottish Consolidated Fund.

Explanation of Variances between Estimate and Net Resource Outturn

Department - Resource

Resource Spending in Departmental Expenditure Limits (RDEL)	Outturn £000	Estimate £000	Underspend £000	Percentage of Estimate
Scotland Office and Office of the Advocate General – Admin	13,918	15,243	1,325	9%
Scotland Office and Office of the Advocate General – Programme*	661	750	89	12%
Total	14,579	15,993	1,414	9%

The underspend of £1.4 million against the Supply Estimate is mainly attributable to lower than expected spend on staff and accommodation 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	312	413	101	24%

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	30,063,314	31,922,306	1,858,992	6%
Scottish Rate of Income Tax	21,975,386	21,975,386	-	0%
Total	52,038,700	53,897,692	1,858,992	3%

Grant payable to the Scottish Consolidated Fund

The sum of £1.9 billion 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 2025-26. 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 for Scotland – 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 for Scotland	-	500	500	100%

The underspend of £0.5 million against the Supply Estimate is mainly attributable to a possible rent increase not occurring.

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, 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 for Scotland does not have any AME budget. More information on the budgeting framework can be found at [Consolidated Budgeting Guidance 2025-26](#).

Statement of Financial Position

The net liabilities at 31st March 2026 are £2.023m (2024-25 £1.614m). The significant balances on the Statement of Financial Position are:

- Accruals and deferred income are £2.581m (2024-25 £2.494m). The largest accruals are payroll related of £1.835m and are driven by the nature of the department not being a direct employer.
- Right of Use Assets of £4.281m and Lease Liability of £4.364m. The lease contracts comprise leased buildings.
- Non-current financial assets are £2,282m (2024-25 £2,148m) related to loans issued from the National Loans Fund (NLF) to the Scottish Government. In 2025-26, one new loan totalling £430 million 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.
- The net liability position is caused by the nature of the government supply process with cash being drawn down as required to meet commitments.
- The accounts for 2025-26 have been prepared on a going concern basis, for further information please refer to note 1.1 in the accounting policies.

* 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 £3.0 billion for capital expenditure.

Reconciliation of Resource Expenditure between Estimate, Accounts and Budgets

	2025-26 £000	2024-25 £000
Net Resource Outturn (Estimates)	52,053,591	48,573,684
Adjustments to remove non budget items	(52,038,700)	(48,560,140)
Total Resource Budget Outturn	14,891	13,543
Of which		
Departmental Expenditure Limit (DEL)	14,891	13,543
Adjustments include		
Non Budget items*	52,038,700	48,560,140
Net Expenditure (Accounts)	52,053,591	48,573,684

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

Fiona Mettam

Fiona Mettam

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

8th July 2026

Chapter 2: The Accountability Report

Director's Report

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

Membership and Business of the Joint Management Board 2025-26

Membership and Business of the Joint Management Board 2025-26

Ministerial - until September 2025
Chair – SofS Scotland, Rt Hon. Ian Murray MP
Kirsty McNeill , PUSofS for Scotland
Catherine Smith KC - Advocate General for Scotland
Ministerial - from September 2025
Chair - SofS Scotland, Rt.Hon. Douglas Alexander MP
Kirsty McNeill , PUSofS for Scotland
Catherine Smith KC - Advocate General for Scotland
Non-Executive Directors
Stuart Patrick - NED and Chair of ARAC
Susan Deacon - Lead NED (from 22 April 2025)
Catherine MacLeod - NED (from 22 April 2025)
Andrew Kerr - NED (from 22 April 2025)
Martin Dorchester - NED (until September 2025)
Senior Officials
Laurence Rockey - Director, SO (to 17 April 2025)
Fiona Mettam - Director, SO (from 1 August 2025)
Neil Taylor , Director, OAG Interim Accounting Officer for Scotland Office and OAG (from 17 April to 31 July 2025).

*Anna Macmillan was appointed as Interim Director, SO from 17 April 2025 until 31 July 2025. Anna MacMillan's attendance at the JMB was strictly bounded by her operational role as SO Director, without entity-wide corporate or AO accountability.^a

The Scotland Office and OAG Directors were supported by the Scotland Office Deputy Director for Corporate Services; and the OAG Head of Litigation, who attend 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.

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 2025-26, 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 2025-26
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 1144 pieces of correspondence and replied to 903 pieces (79%) within the target time in 2025-26. This is in comparison to 1089 pieces of correspondence and responding to 861 pieces (79%) within the target time in 2024-25. OAG received 16 pieces of correspondence, 4 of which fell under 'no response required' and 12 that received a response, of which 8 (66%) were replied to within the target time in 2025-6. This is in comparison to 2024-25 when 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.
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 220 FOI requests of which 208 (95%) were replied to within the 20-day target, either substantively or explaining the reason for an extension in 2025-26. This is in comparison to the Office receiving 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. OAG received 41 FOI requests in 2025-26 and 39 were replied to within the 20-day target (95%), either substantively or explaining the reason for an extension. Of the 2 where this did not happen, in one the initial email request went to spam and was only found when the requester sent a reminder. In the second case, OAG did acknowledge the request within 20 days indicating that OAG would need more time to respond, but did not identify a reason under FOIA for an extension, although this was remedied in OAG's eventual response. This is in comparison to OAG receiving 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.
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 100% of invoices within five days in 2025-26. OAG paid 100% of invoices within five days in 2025-26. This is in comparison to the Scotland Office payment of 92.7% of invoices within five days in 2024-25. OAG paid 98.8% of invoices within five days in 2024-25.

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, 150 out of 158 (95%) of written Parliamentary Questions tabled to the department were answered on time in 2025-26.

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

	1 April 2025 to 31 March 2026		
	Total Received	No. within Target	% within Target
Commons Ordinary Written PQs	122	121	99%
Commons Named Day PQs	28	21	75%
Lords Ordinary Written PQs	8	8	100%
Total	158	150	95%

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 7 occasions during the reporting year 2025-26, on:

- 23 April 2025
- 4 June 2025
- 9 July 2025
- 22 October 2025
- 26 November 2025
- 14 January 2026
- 25 February 2026

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 (IM) Working Group. IMs represent staff from across the department in data processing-related roles. During 2025-26 we have enhanced the resilience and retaining corporate knowledge in the IM Working Group.

The IMs continue to support the implementation of the Scotland Office's Records Management Policy and processes. The IMs ensure 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 IMs 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 2025-26 reporting year, there were no reported data protection breaches under the Offices' Data Protection Policy that required reporting to the Information Commissioner's Office (ICO).

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 undergo an annual review by the Scotland Office and OAG Audit and Risk Assurance Committee.

There were no whistleblowing instances recorded in the Scotland Office or OAG in 2025-26.

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 2025-26.

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 2025-26 (together with data for 2024-25 and 2023-24) can be found in Chapter 4 of this report. Alongside this grant, the Scottish Government's funding in 2025-26 also includes tax 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 2025-26 was **£52,038,700,000**.

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 comparatively small and relates to the Boundary Commission for Scotland. In a departure from previous years, in 2025-26 The Scotland Office incurred programme spend of £661k against a budget of £750k in the delivery of Brand Scotland.

We are committed to achieving efficiency and effectiveness in all areas of our activities. Throughout 2025-26 the Offices have sought ways of making more efficient use of resources and reducing costs, including adopting AI processes.

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 Offices of the Nations. 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. Most significantly the Scotland Office and Wales Office have a shared service function for 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. We will continue to look for additional efficiencies and resilience building opportunities with the other Offices for the Nations.

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.

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. HM Treasury has appointed Fiona Mettam, the Director of the Office as Accounting Officer of the Scotland Office and OAG.

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.



Fiona Mettam

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

8th July 2026

Governance Statement

Introduction

This Governance Statement covers the whole of the period from 1 April 2025 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 2025-26.

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. I joined the Scotland Office as Scotland Office Director and permanent Accounting Officer from 1 August 2025. The new post of Deputy Head of Office was created and held by Anna Macmillan from 1 August to 31 March 2026.

A Letter of Assurance was sent by the outgoing Accounting Officer, Laurence Rockey to the interim AO, Neil Taylor. The Letter of Assurance covered the period 1 April 2025 to 17 April 2025 and outlined core sources of assurance that the AO would wish to draw on to be able to satisfy themselves that the internal systems of control are adequate.

The letter included a statement to confirm that to date, the systems of control for both SO and OAG have been, and continue to be, effective. This allowed the interim AO to be in position to sign off on the previous years Annual Report and Accounts and to discharge their duties during this time until the permanent AO replacement took up post on the 1 August 2025.

As Accounting Officer, I will be able to rely and draw upon the various internal and external sources of assurance outlined in the Governance Chapter to this report.

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 delegated delivery of some of its activities to its subcommittees. The Board retains overall responsibility and accountability for those areas of delivery and

maintains oversight as outlined in the Scotland Office and OAG Joint Management Board Operating Framework. There are four sub-committees that support the work of the Board in this way: the Scotland Office Executive Committee and OAG Senior Leadership Team; 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.

September 2025 saw a Cabinet reshuffle and change in membership of the Offices' JMB. The Rt Hon Douglas Alexander MP was appointed as Secretary of State for Scotland. Further changes to membership of the JMB were seen in 2025-26 with the appointment of three Non-Executive Directors in April, and my appointment as Scotland Office Director from 1 August 2025.

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).

Between 1 April 2025 and the 31 March 2026 there were 3 meetings of the JMB. Effective engagement outside of formal meetings of the Board continued throughout the 2025-26 reporting year, including where the Non-Executive Board Members continued to provide advice outside of formal Board meetings on a broad range of issues and policy matters, most notably on: the Offices' 2025 Civil Service People Survey results; the Scotland Office People Strategy and Transformation Project; stakeholder engagement; communication strategies; the Offices' Business Plans and approach to delivery and performance; and risk management.

There have been no Ministerial Directions during the 2025-26 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 which enables the Offices' JMB to make an assessment, and to challenge the Offices' performance and progress of the trajectory of delivery against their business plans. The Board also assesses the mitigations and controls in place to effectively manage and mitigate the risks posed to the successful delivery of the Office's Priority Objectives.

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 and Governance Team.

I have received direct assurances from Anna MacMillan [interim Scotland Office Director] and Neil Taylor [interim Accounting Officer] who have provided confirmation that they considered that the system of internal control for the Scotland Office and OAG has operated effectively during that period. 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' 2025-26 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 2025-26 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 Offices' 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 enhanced over the 2025-26 reporting year. In the annual effectiveness appraisal which took place in August 2025 the review found that the SO and OAG ARAC is fully effective across all 5 areas of compliance stipulated in the HMT ARAC Chairs' Handbook.

Membership and Business of the Joint Management Board and Audit and Risk Assurance Committee, 2025-26

	Number of JMB Meetings attended in 2025-26	Number of ARAC meetings attended (Total of 5 in 2025/26)
Ministerial - from July 2024 to September 2025		
Chair - SofS Scotland, Rt.Hon. Ian Murray MP	1 (out of a possible 1)	N/A
Ministerial - from September 2025		
Chair - SofS Scotland, Rt.Hon. Douglas Alexander MP	2 (out of a possible 2)	N/A
Kirsty McNeill - PUSofS for Scotland	3 (out of a possible 3)	N/A
Catherine Smith KC - Advocate General for Scotland	3 (out of a possible 3)	N/A
Non-Executive Directors		
Stuart Patrick - NED and Chair of ARAC	2 (out of a possible 3)	5 (out of a possible 5)
Susan Deacon - Lead NED (from 22 April 2025)	3 (out of a possible 3)	1 (out of a possible 1)
Catherine MacLeod - NED (from 22 April 2025)	1 (out of a possible 3)	N/A
Andrew Kerr - NED (from 22 April 2025)	2 (out of a possible 3)	N/A
Martin Dorchester - NED (until September 2025)	1 (out of a possible 1)	N/A
Dermot Grenham - ARAC Member	N/A	5 (out of a possible 5)
Rachel Grant - ARAC Member	N/A	5 (out of a possible 5)
Senior Officials		
Laurence Rockey - Director, SO (to 17 April 2025)	N/A	1 (out of a possible 1)
Fiona Mettam - Director, SO (from 1 August 2025)	2 (out of a possible 2)	3 (out of a possible 3)
Neil Taylor - Director, OAG	3 (out of a possible 3)	5 (out of a possible 5)

*Anna Macmillan was appointed as Interim Director, SO from 17 April 2025 until 31 July 2025. Anna MacMillan's attendance at the JMB was strictly bounded by her operational role as SO Director, without entity-wide corporate or AO accountability.

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 2025-26, there were:

- 3 JMB meetings;
- 11 monthly Corporate Meetings of the Scotland Office Executive Committee;
- 5 Audit and Risk Assurance Committee meetings;
- 5 meetings of the OAG Governance Group [approximately 6 times per annum, at about 6 weekly intervals]; and
- 3 meetings 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; and
- 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 Executive Committee and the OAG Senior Leadership Team 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 meet monthly and 6-weekly respectively. 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 2025-26 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 2025-26 can be found at Annex B to the Governance Chapter.

Officials of the National Audit Office who undertake the Offices' external audit function; 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 3 times during 2025-26. 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, chairs 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 Oct-Dec 2025 - GOV.UK](#)

Transparency returns for Scotland Office Special Advisers are published by the Scotland Office: [Scotland Office Special Adviser Transparency Return Oct-Dec 2025 - 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 Accounting Officer has considered these returns and the following relevant interests are set out in public:

Kieron Higgins was a Scotland Office Special Adviser until 05/09/2025. Mr Higgins was shortlisted as a Labour candidate for the 2026 Scottish Parliament Elections which was called on the 7 May 2026. Mr Higgins was recused from matters that related to his prospective constituency. The Scotland Office Director was in regular discussion with Mr Higgins to ensure any further issues or conflicts of interest were considered.

Amelia Tighe is a Scotland Office Special Adviser and was appointed in this role on the 9 September 2025.

Ms Tighe held a part-time paid role with the Labour Party between 26 March and 7 May 2026. Ms Tighe's work for this organisation was performed outside their hours as a Special Adviser in the Scotland Office. Ms Tighe's work as a Special Adviser was under a temporary part-time contract during this period.

The Scotland Office Director was in regular discussion with Ms Tighe to ensure any further issues or 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 2025-26 reporting year.

The Register of Members' Interests for the Scotland Office and OAG Non-Executive Board Members can be found on the Scotland Office <https://www.gov.uk/government/organisations/scotland-office> website.

Joint Management Board Sub-Committees

The Joint Management Board has four sub-committees:

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

Risk Management

As the 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 HMT ARAC Handbook; and the Treasury's Orange Book. The Scotland Office and OAG Risk Management Frameworks includes a methodology for recording and managing risks and implementation of a risk management policy. 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:

- Financial environment;
- Delivery; and
- Stakeholders.

The robustness of this system continues to be illustrated by the Scotland Office's management of its key strategic risks. In 2025-26 these have included the risks of:

- Failure to increase growth in key Scottish sectors
- Failure to increase exports from Scotland
- Failure to increase renewable energy generation to maintain employment levels across the Scottish energy industry and
- Failure to increase the visibility of UKG programmes delivered in Scotland and the understanding of the devolution settlement.

The Office has good controls in place to mitigate these risks. These include:

- Effective and direct stakeholder engagement.
- Regular and effective engagement with other UK Government

- Department's (OGDs) and utilisation of cross-government mechanisms to ensure delivery of priorities.
- Effective engagement with UK and Scottish Government Ministers, including SoS and DFM bilateral meetings.
- Providing targeted advice and support for City and Growth Deal projects and other priority programmes.
- Effective communications strategy and visit programme, promoting UKG Delivery in Scotland.

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 ARAC and to the Board.

The Scotland Office and OAG have Risk Appetite and Risk 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 approves and signs off on the Offices' risk appetite and tolerance policies for risk across both the Offices on an annual basis.

Going forward into 2026-27, 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 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 Deputy Head of the Scotland Office; the Scotland Office Deputy Directors; the OAG Director; and OAG SLT. This is delivered both through the regular meetings of the Scotland Office Executive Committee, 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 2025-26 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 2025-26 is outlined in the ARAC Chair's report at Annex B to the Governance Chapter.

External audit is provided by the National Audit Office on behalf of the Comptroller and Auditor General.

The Comptroller and Auditor General's certificate and report on these accounts is at page 73. 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 2025-26.

Propriety and Assurance

In the Scotland Office, the Office of the Advocate General, and the Boundary Commission for Scotland, during 2025-26, 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 2025-26 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.

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.



Fiona Mettam

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

8th July 2026

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

The 2025-26 financial year saw a number of changes in the Scotland Office and in the membership of the Scotland Office and the Office of the Advocate General Joint Management Board. This report covers the first full reporting year that I have been in post as Lead Non-Executive Director.

Catherine MacLeod, Andrew Kerr and myself were appointed as Non-Executive Directors in April 2025. As part of a phased transition, Martin Dorchester stood down as a Non-Executive Director in September 2025 and my thanks go to him for his 5 years of service in the role. Stuart Patrick has been a Non-Executive Director since September 2020, and will continue in his role as Chair of the Audit, Risk and Assurance Committee (ARAC) until his term of office ends in September 2026. A succession plan is in place to manage this transition.

Fiona Mettam was appointed as the new Director of the Scotland Office in August 2025 and shortly thereafter, in September 2025, Douglas Alexander was appointed as the new Secretary of State for Scotland. This has therefore been a significant period of change within the Scotland Office which has required a significant focus on setting the direction for the Department; developing systems, culture and performance; and ensuring that people and resources are aligned with Ministerial priorities. The Non-Executive Directors have supported Ministers and the Executive through this period of change and transition.

The Joint Management Board has met on three occasions in 2025-26, and the Audit Risk and Assurance Committee has met five times. The Scotland Office and OAG ARAC, chaired by Stuart Patrick, with the input of two external independent members, is central to the governance of SO and OAG and is a vital source of assurance to the Accounting Officer and the Board. ARAC has been key to the effective operation of the Scotland Office and OAG Governance Framework through this period of change in the 2025-26 reporting year.

As Lead Non-Executive Director, I have continued to engage on a regular basis with the other Non-Executive Directors; with Ministers and Officials in both the Scotland Office and in OAG; and with the network of Lead Non-Executive Directors across other UK Government Departments.

Both individually and collectively, the Non-Executive Directors have had regular engagement with senior officials on a range of issues and have actively contributed to ongoing work on Departmental transformation within the Scotland Office. We have also attended a number of external events in support of Ministers and officials.

In the year to come, it will be important to build on this work and to consider how the JMB, the Non-Executive Directors and the wider governance framework and practices across the Scotland Office and the OAG can be further developed in the future.

The combined NED team possesses a breadth of knowledge, skills, networks, and experience spanning the private, public and third sectors, as well as national and local government, the media and academia. In the year to come, we will work to further

develop our input, challenge and scrutiny and so support the vital contribution that both the Scotland Office and the Office for the Advocate General make to ensuring that the UK Government delivers effectively for the people of Scotland.

Professor Susan Deacon CBE

Lead Non-Executive Director The Scotland Office
and Office of the Advocate General

Annex B: Annual Report of the Scotland Office and Office of the Advocate General for Scotland Audit and Risk Assurance Committee

Report for the year 2025-26 from the Chair of the Committee

Introduction

This annual report of the Audit and Risk Assurance Committee (“the Committee” or “ARAC”) covers the 2025-26 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 summary of the main activities of the Committee and the main issues it has addressed between 1 April 2025 and 31 March 2026.

The Committee is satisfied that the systems in place in the Offices over 2025-26 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.

The SO and OAG ARAC has been quorate and has continued to operate effectively, discharging its responsibilities as delegated to the Committee by the Board and outlined in the Committee’s Terms of Reference. The Committee continues to maintain an external Committee membership with a good and broad breadth of skills and experience in line with requirements in the HMT ARAC Handbook.

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.

Interim Scotland Office and OAG Accounting Officer (AO)

Following the departure of Laurence Rockey as SO Director and SO/OAG AO, Neil Taylor, OAG Director, took on the role of the Offices’ Interim Accounting Officer until 1 August 2025 when Fiona Mettam took up this permanent position.

A Letter of Assurance was sent by the outgoing Accounting Officer, Laurence Rockey to the interim AO, Neil Taylor. The Letter of Assurance covered the period 1 April 2025 to

17 April 2025 and outlined core sources of assurance that the AO would wish to draw on to be able to satisfy themselves that the internal systems of control are adequate.

The letter included a statement to confirm that to date, the systems of control for both SO and OAG have been, and continue to be, effective. The Committee is satisfied that the controls were in place for the Scotland Office and OAG during this time in relation to: governance; risk and financial management and that these controls in general are appropriate and fit for purpose.

A handover between the Interim AO and incoming permanent AO was carried out, in addition to inductions with members of the Offices' ARAC. The Accounting Officer will be able to rely and draw upon the various internal and external sources of assurance outlined in the Governance Chapter to this report.

The Committee reports its work to the JMB through reports and Minutes of ARAC meetings which are tabled at meetings of the JMB and presented to the Board by the ARAC Chair and the Accounting Officer.

Main Issues

The Audit and Risk Assurance Committee for the Scotland Office and OAG met 5 times from 1 April 2025 - 31 March 2026 to carry out its main business. The Committee met in: April 2025; July 2025; October 2025; January 2026 and April 2026 [this meeting was originally scheduled for 31 March 2026].

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.

The Committee continues to put risk management and financial and budgeting high-up on the Committee's agenda.

The Committee also focused on new and emerging areas of risk or where additional assurances are required: use of AI; cyber-security; counter-fraud; and oversight arrangements for Brand Scotland programme spend.

To support the Committee in its work: Cybersecurity; counter-fraud and A.I are listed as standing agenda items on the ARAC Agenda. This is in addition to GPA Accruals and oversight of Boundary Commission for Scotland.

This is to ensure that ARAC captures and provides assurance and has oversight, with additional assurances being sought by the Committee from GIAA and Management.

Counter-Fraud

At the Committee's request, a Scotland Office Counter Fraud Checklist was developed and shared with the Committee in October 2025. The Counter Fraud Checklist is a key component of the Offices' fraud management process. The fraud risk assessment was presented at the Committee meeting in March. The Committee is reassured that robust procedures are in place across the Offices for reviewing and managing fraud. There are no current incidents to report.

Risk Management

The ARAC has paid particular attention to the SO/OAG approach to risk management. Over the last reporting year this has included: supporting the Offices' Executive Committees in the continuation of 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 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 provisional 2025-26 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 reviewed the audit completion report provided by the External auditors for the 2025-26 audit.

External Audit provision has been delivered by the National Audit Office (NAO).

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 2025-26 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.

At the Committee meeting on 27 April 2026, 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 36 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.

Three audits have been completed in the 2025-26 Financial Year:

- **Business Continuity Planning [OAG]: Limited rating;**
- **Third Party Service Providers [SO and OAG]: Moderate rating; and**
- **Health and Safety [SO and OAG]: Limited rating.**

The Committee reviewed the Head of Internal Audit's Annual Report and noted the overall evaluation for 2025-26 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.

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.

In 2026-27 the GIAA will undertake a baseline review of the Scotland Office and OAG internal audits conducted across the previous three-financial years. This review will assess any improvements across the Offices' systems of control to ensure we are operating in the best possible way against our controls. Any recommendations will be agreed with Management in an action plan to be embedded in 2027-28. The

Committee continues to emphasise the importance of regular management reviews of the implementation of the Offices' control framework.

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 was presented to the Committee at its meeting on 29 June 2026, and forms part of the assurances in my ARAC Chair's Report.

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 External Audit Report and Scotland Office and OAG Provisional 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.

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.

The ARAC Effectiveness Evaluation undertaken in Autumn 2025 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 previous recommendations. These recommendations covered: membership; role and scope of the Committee; and Communication and reporting.

In 2026-27, 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's effectiveness is scheduled to report to the October 2026 Committee meeting and is included in the ARAC 2026-27 Annual Work Plan.

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.

ARAC Work Plan and ARAC Terms of Reference

The HMT ARAC Chair's Handbook makes it clear that the ARAC does not have executive powers and so must seek the Board's approval to both the Terms of Reference and Work Plan.

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 significant further update was undertaken in 2025-26 to the ARAC Terms of Reference following new GIAA internal Audit Standards for UK Government Departments. This followed the introduction of new Global Internal Audit Standards that forms part of the GIAA Charter and MoU, which had an impact on the role and oversight requirements of the Committee.

The ARAC Terms of Reference and JMB Board Operating Framework have been updated to reflect these new essential conditions for internal audit provision and to clarify the authority and roles and responsibilities delegated to ARAC from the JMB. This includes: overseeing internal audit provision and the reports the Board requires as a result of these delegations, whilst retaining oversight of the internal audit function. The Scotland Office and OAG JMB have signed off and approved the Offices' updated ARAC ToR and JMB Operating Framework.

Future Work

The Committee will continue to operate in accordance with its Terms of Reference and its main business will continue to be aligned with the ARAC Annual Work Plan. 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 - Scotland Office and
Office of the Advocate General

Remuneration and Staff Report

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 2025-26 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

Board Members and Senior Civil Servants Remuneration

The Department 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 £93,094 (from 1 April 2025) 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 2025-26 or 2024-25.

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.

Remuneration (salary, and pensions) *(Subject to audit)*

Ministers	Salary (£)		Pension benefits (to nearest £1000) ⁽¹⁾		Total (to nearest £1,000) ⁽¹⁾	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Rt Hon Douglas Alexander MP Secretary of State for Scotland (from 5 September 2025) ⁽²⁾	36,340	n/a	5,000	n/a	41,000	n/a
Rt Hon Ian Murray MP Secretary of State for Scotland (to 5 September 2025) ⁽³⁾	31,364	49,097	7,000	13,000	38,000	62,000
Rt Hon Alistair Jack MP Secretary of State for Scotland (to 5 July 2024) ⁽⁴⁾	n/a	34,660	n/a	4,000	n/a	39,000
Kirsty McNeil MP Parliamentary Under Secretary of State for Scotland ⁽⁵⁾	22,375	16,093	6,000	4,000	28,000	20,000
JR Lamont MP Parliamentary Under Secretary of State for Scotland to 5 July 2024) ⁽⁶⁾	n/a	11,487	n/a	1,000	n/a	13,000
Lord Cameron of Lochiel Parliamentary Under Secretary of State for Scotland (from 9 February 2024 to 5 July 2024) ⁽⁷⁾	n/a	9,580	n/a	n/a	n/a	10,000
The Rt Hon Baroness Smith of Cluny KC, Advocate General for Scotland (from 27th September 2024) ⁽⁸⁾	131,138	77,555	24,000	13,000	156,000	91,000
The Rt Hon The Lord Stewart of Dirleton KC, Advocate General for Scotland to 5 July 2024) ⁽⁹⁾	n/a	58,240	n/a	6,000	n/a	64,000

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⁾ The Rt Hon Douglas Alexander MP was appointed as Secretary of State for Scotland on the 5th September 2025. His full-time equivalent salary in 2025-26 was £67,505.
- ⁽³⁾ The Rt Hon Ian Murray MP served as Secretary of State for Scotland to the 5th of September 2025. His full-time equivalent salary in 2025-26 and 2024-25 was £67,505.
- ⁽⁴⁾ The Rt Hon Alistair Jack MP served as Secretary of State for Scotland to 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.
- ⁽⁵⁾ Kirsty McNeill MP was appointed Parliamentary Under Secretary of State for Scotland on the 9th July 2025. The full-time equivalent salary in 2024-25 was £22,375.
- ⁽⁶⁾ JR Lamont MP served as Parliamentary Under Secretary of State for Scotland to 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.
- ⁽⁷⁾ 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.
- ⁽⁸⁾ 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.
- ⁽⁹⁾ 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 *(Subject to audit)*

Ministers	Accrued Pension at age 65 as at 31 March 2026	Real increase in pension at age 65	CETV at 31 March 2026	CETV at 31 March 2025	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Douglas Alexander MP Secretary of State for Scotland (from 5 September 2025)	0-5	0-2.5	17	11	4
Rt Hon Ian Murray MP Secretary of State for Scotland (to 5 September 2025)	0-5	0-2.5	21	13	4
Kirsty McNeil MP Parliamentary Under Secretary of State for Scotland	0-5	0-2.5	10	4	3
The Rt Hon Baroness Smith of Cluny KC, Advocate General for Scotland (from 27th September 2024)	0-5	0-2.5	43	15	17

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 2025-26 relate to performance in 2024-25 and the comparative bonuses reported for 2024-25 relate to performance in 2023-24.

The salaries, bonuses, taxable benefits in kind and pension entitlements for Senior Managers and Accounting Officers (AO) are shown in the following tables:

(Subject to audit)

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)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Fiona Mettam Scotland Office Director and AO ⁽²⁾	55-60	Nil	Nil	Nil	Nil	Nil	22,000	Nil	80-85	Nil
Laurence Rockey Scotland Office Director and AO ⁽³⁾	5-10	115-120	Nil	10-15	Nil	15,300	3,000	46,000	5-10	190-195
Neil Taylor Office of the Advocate General Director	120-125	115-120	Nil	Nil	Nil	Nil	42,000	74,000	160-165	190-195

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⁾ Fiona Mettam was appointed Director of The Scotland Office on 1 August 2025. Her full-year equivalent salary for 2025-26 was in the range £110-£115k
- ⁽³⁾ Laurence Rockey served as Director of The Scotland Office to 17 April 2025. His full-year equivalent salary for 2025-26 was £120-125k. Laurence Rockey was Scotland based but was required to be in London for a period each week. His travel costs and accommodation were taxable benefits.

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 or meeting related to their Non-Executive Director role on the JMB. The remaining Scotland Office and OAG Non- Executive Directors each received a fee of £200 for each meeting of the Joint Management Board or Audit and Risk Assurance Committee attended or meeting related to their Non-Executive Director role on the JMB.

(Audited)

Remuneration	Salary (£000)		Total (£000)	
	2025-26	2024-25	2025-26	2024-25
Susan Deacon CBE Lead Non-Executive Director (from 22 April 2025)	10-15	n/a	10-15	n/a
Tom Harris Lead Non-Executive Director (to 18 June 2024)	Nil	0-5	Nil	0-5
Stuart Patrick Chair of the Audit and Risk Assurance Committee and Non-Executive Director	5-10	0-5	5-10	0-5
Andrew Kerr Non-Executive Director (from 22 April 2025)	5-10	n/a	5-10	n/a
Catherine Macleod Non-Executive Director (from 22 April 2025)	0-5	n/a	0-5	n/a
Martin Dorchester Non-Executive Director (to 1 September 2025)	Nil	0-5	Nil	0-5

Pension Benefits (Audited)

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2026	Real increase in pension and related lump sum at pension age at 31 March 2026	CETV at 31 March 2026	CETV at 31 March 2025	Real increase/decrease in CETV
	£'000	£'000	£'000	£'000	£'000
Fiona Mettam Scotland Office Director and Accounting Officer (from 1 August 2025)	30 – 35 plus a lump sum of 75 - 80	0 – 2.5 plus a lump sum of 0	675	644	12
Laurence Rockey Scotland Office Director and Accounting Officer (to 17 April 2025)	25 – 30	0 – 2.5	367	354	1
Neil Taylor Office of the Advocate General Director and Interim Accounting Officer for the Department from 18th April 2025 to 31st July 2025.	50 – 55 plus a lump sum of 120-125	2.5 – 5 plus a lump sum of 0	1,152	1,060	29

Notes to the table:

* 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. these figures following the application of the public service pensions remedy.

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.

Ministers (Subject to audit)

In 2025-26 there were no severance payments. In 2024-25 there were severance payments totalling £46,162.

Senior Officials (*Subject to Audit*)

In 2025-26 there were no severance payments made to board members, 2024-25 nil.

Fair Pay Disclosure

This section and the related tables below have been 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 2025-26 was £120-125k (2024-25, £145-150k). This was 1.9 times (2024-25, 2.6 times) the median remuneration of the workforce was £62.9k (2024-25, £55.4k). The salary component of the median was £62.9k.

In 2025-26, no employees (2024-25, nil) received remuneration in excess of the highest paid Director. Remuneration ranged from £26.2k to £121.1k (2024-25, £24.2k to £145k).

There was a -16.5% percentage change in the highest paid Director's salary and allowance (2024-25, 11.5%). This was due to a change in Director during the year. The highest paid Director did not receive a bonus in 2025-26 (2024-25 £11.6k).

The implementation of the Department's pay award in 2025-26 increased average staff remuneration. The ratios between the highest paid Director's remuneration and the staff lower and upper quartile have decreased by 0.9 and 0.5 respectively.

The ratio between the highest paid Director total remuneration and the median staff pay decreased by 0.8. This is due to a change in 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 on average was 11.5% and the percentage change in performance pay and bonuses payable was (4%).

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 £46.4k (the salary component of this was £45.9k) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £74.8k (the salary component of this was £74.8k).

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.

	2025-26	2024-25
Band of highest paid board member's total remuneration (£000)	120-125	145-150
Median total remuneration (£000)	62.9	55.4
Ratio	1.9	2.7
25th percentile total remuneration (£000)	46.4	42.0
Ratio	2.6	3.5
75th percentile total remuneration (£000)	74.8	70.1
Ratio	1.6	2.1

The median salary component is £62.9k, the 25th percentile salary component is £45.9k and the 75th percentile salary component is £74.8k.

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 2025-26 is shown in the following table:

	2025-26					2024-25
	£000					
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Wages and salaries	-	9,711	221	-	9,932	9,377
Social security costs	-	1,155	32	-	1,187	934
Other pension costs	-	2,419	-	-	2,419	2,047
Total	-	13,285	253	-	13,538	12,358

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
	2025-26		2024-25	
	£000		£000	
Core Department	13,145	140	12,128	-
Other Designated Bodies	-	253	-	230

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 2025-26, employers’ pension contributions of £2,419k (2024-25: £2,047k) were payable to the PCSPS at 28.97% (2024-25: 28.97%) 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 2025-26 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 (2024-25: £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% (2024-25: 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:

	2025-26					2024-25
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Scotland Office	-	84	2	1	87	87
Office of the Advocate General for Scotland	-	51	1	-	52	50
Boundary Commission for Scotland	-	3	-	-	3	3
Total	-	138	3	1	142	140

Staffing Levels

The actual number of staff in post at 31 March 2026 in the Scotland Office totalled 85, of which 59% were based in Edinburgh and 41% in London. The Office of the Advocate General for Scotland had 52 staff in post on 31 March 2026, 91% of which were based in Edinburgh and 9% in London.

At the beginning of 2025-26, the Scotland Office had a staff complement of 85 and the Office of the Advocate General for Scotland had a staff complement of 55, totalling 140. The table below shows the vacancy rate in each month of 2025-26.

Month	Apr -25	May -25	Jun -25	Jul -25	Aug -25	Sep -25	Oct -25	Nov -25	Dec -25	Jan -26	Feb -26	Mar -26
Vacancy Rate %	4%	5%	1%	1%	0%	4%	7%	7%	0%	4%	3%	2%

The annual turnover of staff for the Scotland Office is 24% and for the Office of the Advocate General for Scotland is 29%. The total combined turnover rate is 28%.

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 Scotland Office incurred £394k exit package costs during 2025-26, nil 2024-25. The Office of the Advocate General for Scotland incurred no exit package costs in 2025-26 and 2024-25.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages by Cost Band
< £10,000	-	-	-
£10,000 – £25,000	-	1	1
£25,000 – £50,000	-	1	1
£50,000 – £100,000	-	4	4

Senior Civil Service

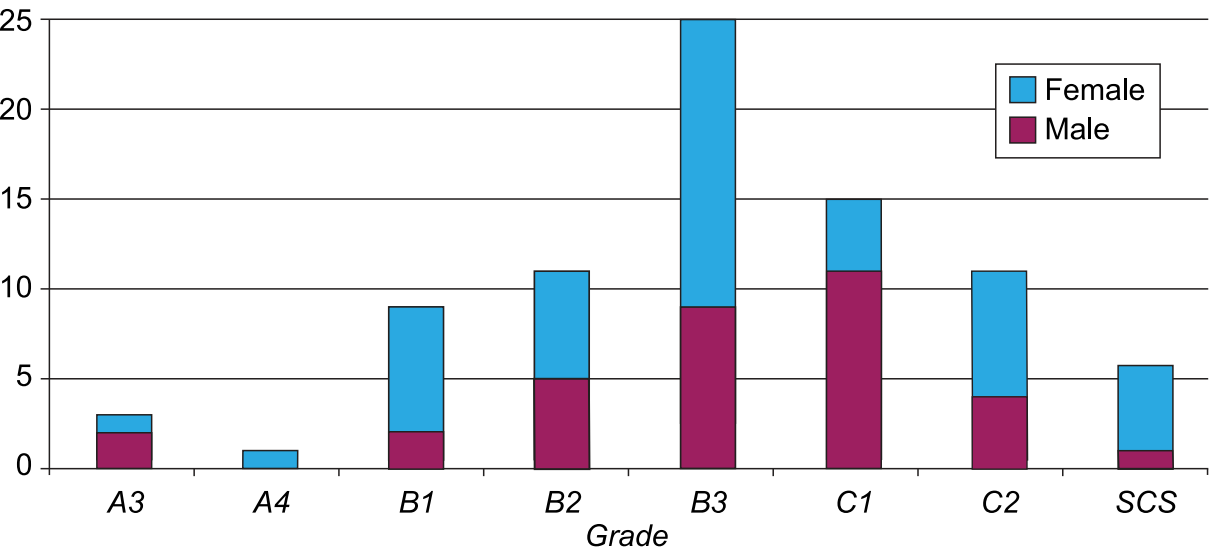
At 31st of March 2026 there were six senior civil service posts in the Scotland Office and six in the Office of the Advocate General for Scotland.

	2025-26		2024-25	
	Pay Band 1	Pay Band 2	Pay Band 1	Pay Band 2
SO	5	1	5	1
OAG	5	1	5	1

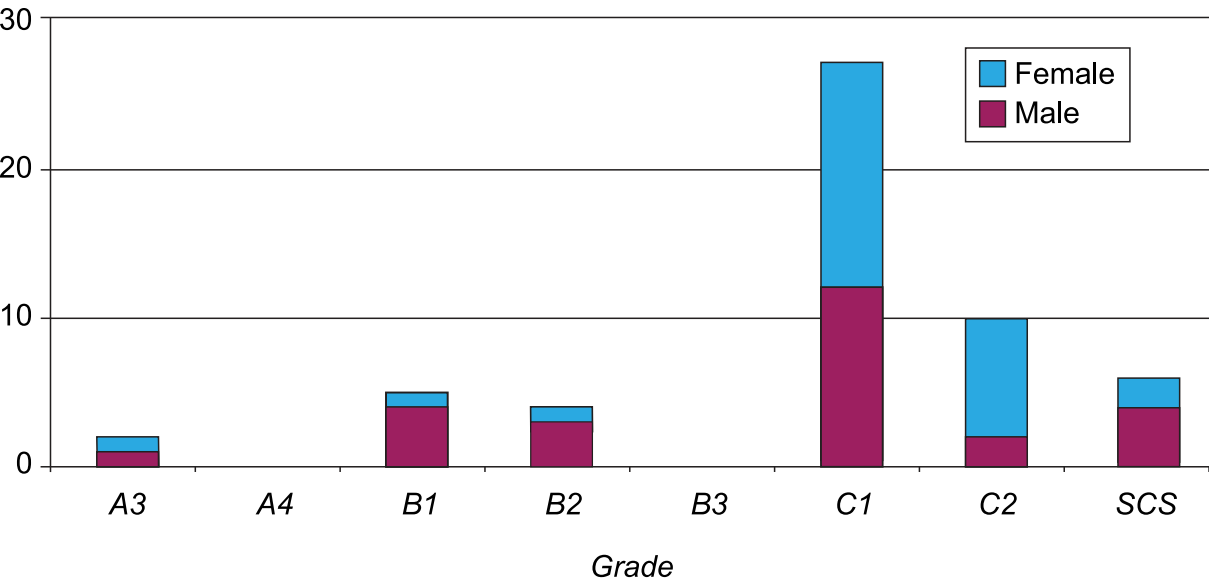
Diversity

Women make up 55% of staff in the Scotland Office and 52% of staff in the Office of the Advocate General for Scotland. The following charts show the number of women and men in each grade in the two offices.

The Scotland Office



Office of the Advocate General for Scotland



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 Scotland Office and the Office of the Advocate General for Scotland 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 Scotland Office and the Office of the Advocate General for Scotland are committed to respecting human rights and we are both included in the Government's Modern Slavery Statement.

Sick Absence Data

The average working days lost (AWDL) to sickness in the financial year 2025-26 was 3.26 days per employee.

Spend on Consultancy and Temporary Staff

The Scotland Office and Office of the Advocate General for Scotland had no spend on consultancy in 2025-26 and 2024-25. The offices use temporary staff to cover staff on long term sick, maternity leave and for vacant posts. The total spend on temporary staff in 2025-26 was £193,042, (2024-25 £306,617).

Off Payroll Appointments

In 2025-26 the Scotland Office and Office of the Advocate General for Scotland had no off payroll appointments for more than £245 per day and for a duration of six months or longer. No board members or senior officials were paid off payroll.

People Survey

The Scotland Office and Office of the Advocate General for Scotland participate in the annual Civil Service People Survey. Our overall staff Employment Engagement Index was 55% (compared to 66% in 2024-25). The overall staff Employment Engagement Index for the Office of the Advocate General for Scotland was 80% (compared to 75% in 2024-25).

Fiona A V Mettam

Fiona Mettam

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

8th July 2026

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 (FRM) 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).

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

Explanations of variances between estimate and outturn are given in the financial review for the Scotland Office and Office of the Advocate General for Scotland.

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 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.

Summary table 2025-26 , all figures presented in £000

	SOPS Note	Outturn			Estimate			Outturn v's Estimate, saving / (excess)		Prior Year Outturn
		Non-			Non-					Total
		Voted	Voted	Total	Voted	Voted	Total	Voted	Total	2024-25
Departmental Expenditure Limit										
- Resource	1.1	14,891		14,891	16,406		16,406	1,515	1,515	13,544
- Capital	1.2	-		-	500		500	500	500	44
Total		14,891		14,891	16,906		16,906	2,015	2,015	13,588
Total Budget										
- Resource	1.1	14,891		14,891	16,406		16,406	1,515	1,515	13,544
- Capital	1.2	-		-	500		500	500	500	44
Total Budget Expenditure		14,891		14,891	16,906		16,906	2,015	2,015	13,588
Non-Budget Expenditure	1.1	52,038,700		52,038,700	53,897,692		53,897,692	1,858,992	1,858,992	48,560,140
Total		52,053,591		52,053,591	53,914,598		53,914,598	1,861,007	1,861,007	48,573,728

Net Cash Requirement 2025-26, all figures presented in £000

Item	SOPS Note	Outturn	Estimate	Outturn v's Estimate, saving / (excess)	Prior Year Outturn Total 2024-25
Net Cash Requirement	3	52,053,066	53,914,655	1,861,589	48,574,385

Administration costs 2025-26, all figures presented in £000

Type of Spend	SOPS Note	Outturn	Estimate	Outturn v's Estimate, saving / (excess)	Outturn
Administration Costs	1.1	13,918	15,243	1,325	13,264

Notes to the Statement of Outturn against Parliamentary Supply 2025-26 (£000's)

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by Estimate line

Resource Outturn						Estimate			Variance	Prior Year Outturn Total 2024-25	
Administration			Programme			Total	Virements	Total Including Virements	Net total compared to Estimate	Total	
Gross	Income	Net Total	Gross	Income	Net Total						
17,847	3,929	13,918	661	-	661	14,579	15,993	-	15,993	1,414	13,264
	-	-	312	-	312	312	413	-	413	101	280
17,847	3,929	13,918	973	-	973	14,891	16,406	-	16,406	1,515	13,544
Non-Budget											
Voted Expenditure											
-	-	-	30,063,314	-	30,063,314	30,063,314	31,922,306	-	31,922,306	1,858,992	28,254,958
-	-	-	21,975,386	-	21,975,386	21,975,386	21,975,386	-	21,975,386	-	20,305,182
-	-	-	52,038,700	-	52,038,700	52,038,700	53,897,692	-	53,897,692	1,858,992	48,560,140
17,847	3,929	13,918	52,039,673	-	52,039,673	52,053,591	53,914,098	-	53,914,098	1,860,507	48,573,683

An explanation of the variances can be found in Part 4 of the accounts - the financial review.

SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn v's Estimate, saving / (excess)	Prior Year Outturn Total 2024-25
	Gross	Income	Net Total	Net	Virements	Total including virements		

Spending in Departmental Expenditure Limit (DEL)

Voted expenditure

A Office of the Secretary of State for Scotland & Office of the Advocate General for Scotland	-	-	-	500	-	500	500	44
Total Voted Expenditure in DEL	-	-	-	500	-	500	500	44
Total	-	-	-	500	-	500	500	44

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

The Resource Outturn per the SOPS is the same as the net expenditure reported in the SOCNE.

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

	Refer- ence	Outturn total £000	Estimate £000	Outturn v's Estimate, saving / (excess) £000
Resource Outturn	SOPS 1.1	52,053,591	53,914,098	1,860,507
Capital Outturn	SOPS 1.2	-	500	500
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(569)	(690)	(121)
Other non-cash items		(116)	-	116
<i>Adjustments to reflect movements in working balances:</i>				
Decrease in receivables		(98)	-	98
Increase in payables		(189)	-	189
Repayment of lease principal		447	747	300
Total		52,053,066	53,914,655	1,861,589
Removal of non-budget items:				
Consolidated Fund Standing Services		-	-	-
Net Cash Requirement		52,053,066	53,914,655	1,861,589

SOPS 4. Income Payable to the Consolidated Fund

The Department collected the following sums where it was acting as an agent for the Consolidated Fund rather than the principal (with transactions excluded from the financial statements):

Item	Outturn total	Prior Year Outturn Total 2024-25
Balance held on trust at the beginning of the year	-	133
Legal Fees	-	170
Interest	81	98
Payments into the Consolidated Fund	81	401
Balance held on trust at the end of the year	-	-
Income from 2024-25	-	268
Income from 2025-26	81	-

Parliamentary Accountability Disclosures

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 (*Subject to Audit*)

There were no losses or special payments that require disclosure because of their size or nature in 2025-26 (nil 2024-25).

Fees and Charges (*Subject to Audit*)

We seek to recover the full costs of legal services provided on behalf of other government departments. Revenues are managed under two distinct categories: income from Service Level Agreements (SLAs)—which is calculated using an agreed framework based on the number of posts plus a standard corporate overhead allocation element—and recoverable legal fees, which represent direct cost outlays recovered fully at source. Costs are calculated on an accrual basis, and because recharges are structurally designed to match these calculated full costs, there has been no over or under-recovery of costs in 2025-26 (nil 2024-25).

Notation of Gifts (*Subject to Audit*)

There were no gifts made over the limits prescribed in Managing Public Money in 2025-26 (nil 2024-25).

Remote Contingent Liabilities (*Subject to Audit*)

There were no remote contingent liabilities in 2025-26 (nil 2024-25).

Signed:

A handwritten signature in black ink, appearing to read 'Fiona Mettam', with a stylized flourish at the end.

Fiona Mettam

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

8th July 2026

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 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's

- Statement of Financial Position as at 31 March 2026;
- 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 2026 and its net 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 2026 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 2024. 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 non-compliance 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 2025;

- 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 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 the Government Resources and Accounts Act 2000, the Scotland Act 1998, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2025, employment law 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
- I 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 non-compliance 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/auditorsresponsibilities. 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), Non-Budget (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
Comptroller and Auditor General

9th July 2026

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 2026

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.

		2025-26	2024-25
		£000	£000
	Note		
Revenue from contracts with customers	3	(2,473)	(2,336)
Other operating income	3	(1,456)	(1,177)
Total operating income		(3,929)	(3,513)
Staff Costs	2	13,538	12,358
Purchase of goods and services	2	4,672	4,059
Depreciation and impairment charges	2	569	595
Grant to the Scottish Consolidated Fund	2	30,063,314	28,254,958
Payover of Scottish Rate of Income Tax to Scottish Government	2	21,975,386	20,305,182
Total operating expenditure		52,057,479	48,577,152
Net operating expenditure for the year ended 31 March 2026		52,053,550	48,573,639
Finance expense	2	41	45
NLF interest receivable		(63,509)	(65,058)
NLF interest payable		63,509	65,058
Net expenditure for the year ended 31 March 2026		52,053,591	48,573,684
Comprehensive net expenditure for the year		52,053,591	48,573,684

The notes on pages 83 to 97 form part of these accounts.

Statement of Financial Position as at 31 March 2026

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.

		31 March 2026	31 March 2025
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	4	99	205
Intangible assets	5	-	12
Right of use assets	6	4,281	4,732
Financial assets (NLF)	8	2,281,741	2,148,372
Total non-current assets		2,286,121	2,153,321
Current Assets:			
Trade and other receivables	10	685	783
NLF receivables	10	307,615	290,817
Cash and cash equivalents	9	15	31
Total current assets		308,315	291,631
Total Assets		2,594,436	2,444,952
Current liabilities			
Trade and other payables	11	(3,180)	(3,013)
NLF payables	11	(307,615)	(290,817)
Total current liabilities		(310,795)	(293,830)
Non-current assets plus/less net current assets/liabilities		2,283,641	2,151,122
Non-current liabilities			
Lease obligations	11	(3,923)	(4,364)
Other payables (NLF)	11	(2,281,741)	(2,148,372)
Total non-current liabilities		(2,285,664)	(2,152,736)
Assets less liabilities		(2,023)	(1,614)
Taxpayers' Equity and other reserves			
General fund		(2,029)	(1,620)
Revaluation Reserve		6	6
Total equity		(2,023)	(1,614)

Signed:

Fiona H V Mather

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

8th July 2026

The notes on pages 83 to 97 form part of these accounts.

Statement of Cash Flows for the Period Ended 31 March 2026

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	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Net expenditure	SOCNE	(52,053,591)	(48,573,684)
Adjustments for non-cash transactions	2	685	697
(Increase)/Decrease in trade and other receivables	10	(150,069)	166,805
Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure ⁽¹⁾	10	150,167	(167,256)
Increase/(Decrease) in trade payables	11	149,893	(168,373)
Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure ⁽¹⁾	11	(149,663)	167,983
Net cash outflow from operating activities		(52,052,578)	(48,573,828)
Cash flows from investing activities			
Purchase of Plant & Machinery and Fixtures and Furnishings	4	-	(44)
Repayments from other bodies (interest)		63,509	65,058
Repayments from other bodies (capital)	8	279,841	283,994
Loans to Scottish Government		(430,000)	(139,000)
Net cash outflow from investing activities		(86,650)	210,008
Cash flows from financing activities			
From the Consolidated Fund (Supply) - Current Year ⁽²⁾		52,053,050	48,574,170
Payment of lease liabilities (Principal)		(447)	(335)
Finance expense on lease liabilities		(41)	(45)
Repayment of loans from the National Loans Fund (interest) ⁽³⁾		(63,509)	(65,058)
Repayment of loans from the National Loans Fund (capital) ⁽³⁾	8	(279,841)	(283,994)
Loans received from National Loans Fund		430,000	139,000
Net Cash Inflow from Financing Activities		52,139,212	48,363,738
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	9	(16)	(82)
Income payable to the Consolidated Fund	SOPS 4	81	268
Income paid to the Consolidated Fund ⁽⁴⁾	SOPS 4	(81)	(401)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(16)	(215)
Cash and cash equivalents at the beginning of the period	9	31	246
Cash and cash equivalents at the end of the period	9	15	31

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

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

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

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

The notes on pages 83 to 97 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2026

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 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)
Net Parliamentary Funding	52,053,050	-	52,053,050
Deemed Supply (voted)	31	-	31
Supply Payable	(15)	-	(15)
Net expenditure for the year	(52,053,591)	-	(52,053,591)
Auditors Remuneration	116	-	116
Balance at 31 March 26	(2,029)	6	(2,023)

The notes on pages 83 to 97 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2026

1a) Statement of Accounting Policies

1.1 Basis of preparation

In accordance with the direction received from HM Treasury under the Government Resources and Accounts Act 2000 (GRAA), these financial statements have been prepared in accordance with the Government Financial Reporting Manual 2025 to 2026 (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 Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to these accounts.

The functional and presentational currency of the accounts is the British Pound Sterling (£).

1.2 Going Concern

The accounts for 2025-26 have been prepared on a going concern basis, the period considered to be 12 months from the approval of these accounts to July 2027. 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 2027 will be approved by Parliament in Summer 2026.

The funding for the Department in 2026-27 was confirmed in the 2025 Spending Review.

Until the 2026-27 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 for 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 departments 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 Accounting standards interpretations and amendments to published standards adopted in the year 31 March 2026.

The Scotland Office has reviewed its asset testing framework in light of the updated HM Treasury Government Financial Reporting Manual (FReM) requirements for non-investment assets. The department's assets continue to be classified under their operational capacity framework.

Because the department's asset base consists of low-value, short-lived items [e.g., information technology and office fittings], management applies significant judgment in concluding that depreciated historical cost continues to be an appropriate proxy for current value in existing use. Accordingly, formal revaluations are not carried out as they would not result in a material adjustment to the financial statements.

1.5 Applicable accounting standards issued but not yet adopted

IFRS 18 'Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date. The Department will follow any future requirements set out in the Government Financial Reporting Manual in respect of this new standard.

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 and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

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

1.6 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 Department 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 Department's capitalisation threshold for individual assets is £1,000 (including VAT).

Capitalisation threshold – grouped assets

The Department has a small pool of assets for furniture and fittings which has been capitalised.

The Department applies 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 - 15 years.
- Plant and equipment – Shorter of remaining lease period or 3 - 20 years.
- Furniture and fittings – Shorter of remaining lease period or 5 - 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.

1.7 Assets under construction

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

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

In 2025-26 the Department did not have any assets under construction.

1.8 Leases

The Department adopted IFRS 16 “leases” from 1st April 2022 in accordance with the FReM.

Initial recognition

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

The Scotland Office assesses whether a contract is, or contains, a lease at the inception of the arrangement.

In accordance with the HM Treasury Government Financial Reporting Manual (FReM) adaptation of IFRS 16, **the definition of a contract is expanded to include intra-UK government arrangements** where formal, legally enforceable contracts do not exist. This includes Memorandums of Terms of Occupation (MOTOs) and other cross-government agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the FReM adaptation applies, these arrangements are recognised as right-of-use assets and corresponding lease liabilities on the same basis as standard IFRS 16 lease contracts.

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 Departments 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, 4.81% for those commencing or re-measured in the calendar year 2025).

No leases have been remeasured in 2025.

Measurement of Right-of-Use assets

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 SoCNE.

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:

- 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.

1.9 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 effect from 1 April 2015, under Section 32 of the Scotland Act 1998 (as amended by Section 20 of the Scotland Act 2016), additional borrowing powers were conferred on Scottish Government ministers. The Scottish Administration has used this facility to borrow additional funds from the NLF in each year since 2017-18.

While the Scotland Office facilitates these transactions, the responsibility for repayment of the principal amounts and interest falls on the Scottish Government and is a charge on the Scottish Consolidated Fund. Amounts received by the Department are surrendered to the NLF. Consequently, outstanding loan balances are reflected within both Trade and Other Payables and Financial Liabilities to show the matching obligation.

1.10 Employee benefits

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), collectively known as "Alpha". These defined benefit schemes are unfunded, **multi-employer schemes where the Scotland Office is unable to separately identify its share of the underlying assets and liabilities.**

Consequently, in accordance with IAS 19, the department accounts for these arrangements as if they were defined contribution schemes. The expenditure recognised in the Statement of Comprehensive Net Expenditure represents the employer contributions payable to the scheme for the financial year. The department

is not liable for any actuarial gains or losses, or any deficit funding obligations beyond these standard employer contributions.

Early departure costs

The Department is not a direct employer. Staff are primarily 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 Department 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.

1.11 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 the Office of the Advocate General for Scotland 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 the Office of the Advocate General for Scotland on behalf of staff working on Scottish legal issues on behalf of other UK Government departments, which is subsequently recovered through recharges.

1.12 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 Department also receives amounts through the recovery of lost deposits from Assembly elections. The Department pays the amounts received into the UK Consolidated Fund.

1.13 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure comprises administration and programme expenditure for the running costs of the Department, the Brand Scotland programme and Boundary Commission for Scotland, together with the grant payable to the Scottish Consolidated Fund under Section 64 of the Scotland Act 1998.

1.14 Provisions

Provisions are recognised when the Department 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 2025-26.

1.15 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.

1.16 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 Department's 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 Department 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 Department, acting as sponsor department, provides a letter of guarantee signed by its Director, to the Treasury Accountant at His 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 Department in case of default by the Scottish Government.

This effectively means the NLF loans will be repaid from the Department's 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.

1.17 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 (GPA). 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 latest information currently available and the status of discussions with GPA. Any final adjustments will therefore be reflected in future financial periods as changes in estimates.

2. Expenditure

Staff Costs⁽¹⁾

	2025-26 £000	2024-25 £000
Wages and salaries	9,932	9,377
Social security costs	1,187	934
Other pension costs	2,419	2,047
Sub Total	13,538	12,358

Goods and Services

Accommodation Costs	1,657	2,120
Legal Costs	1,473	842
Travel and Subsistence Costs	606	529
Other Expenditure	820	466
Finance Charge	41	45

Grants

Grant paid to Scottish Consolidated Fund	30,063,314	28,254,958
Payover of Scottish Rate of Income Tax to Scottish Government	21,975,386	20,305,182

Non-cash items:

Auditors' remuneration and expenses	116	102
Depreciation and amortisation	569	595
Total Operating Expenditure Costs	52,057,520	48,577,197

⁽¹⁾ Further analysis of staff costs is located in the Accountability Report (on page 62).

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 2024-25)

3. Income

	2025-26 £000	2024-25 £000
Legal fees and charges to clients	(2,473)	(2,336)
Recovery of legal outlays from other Government Bodies	(1,456)	(1,177)
Total	(3,929)	(3,513)

4. Property, Plant and Equipment

2025-26	Information Technology £000	Plant Machinery & Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2025	462	74	110	646
Additions	-	-	-	-
At 31 March 2026	462	74	110	646
Depreciation				
At 1 April 2025	(383)	(15)	(43)	(441)
Charged in year	(79)	(16)	(11)	(106)
At 31 March 2026	(462)	(31)	(54)	(547)
Carrying amount at 31 March 2026	-	43	56	99
Carrying amount at 31 March 2025	79	59	67	205

All assets are owned by the department

The department continues to maintain and utilise an active fleet of operational laptops deployed to staff across Dover House and QEH Edinburgh.

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.

5. Intangible Assets

2025-26

Cost or valuation

At 1 April 2025

At 31 March 2026

Amortisation

At 1 April 2025

Charged in year

At 31 March 2026

Carrying amount at 31 March 2026

Carrying amount at 31 March 2025

All assets are owned by the department

Software licences	Total
£000	£000
137	137
137	137
(125)	(125)
(12)	(12)
(137)	(137)
-	-
12	12

2024-25

Cost or valuation

At 1 April 2024

At 31 March 2025

Amortisation

At 1 April 2024

Charged in year

At 31 March 2025

Carrying amount at 31 March 2025

Carrying amount at 31 March 2024

All assets are owned by the department

Software licences	Total
£000	£000
137	137
137	137
(98)	(98)
(27)	(27)
(125)	(125)
12	12
39	39

6. Right of Use Leased Assets

2025-26

Cost or valuation

At 1 April 2025

At 31 March 2026

Depreciation

At 1 April 2025

Charged in year

At 31 March 2026

Net book value at 31 March 2026

Net book value at 1 April 2025

Buildings	Total
£000	£000
6,085	6,085
6,085	6,085
(1,353)	(1,353)
(451)	(451)
(1,804)	(1,804)
4,281	4,281
4,732	4,732

2024-25

Cost or valuation

At 1 April 2024

At 31 March 2025

Depreciation

At 1 April 2024

Charged in year

At 31 March 2025

Net book value at 31 March 2025

Net book value at 1 April 2024

Buildings	Total
£000	£000
6,085	6,085
6,085	6,085
(902)	(902)
(451)	(451)
(1,353)	(1,353)
4,732	4,732
5,183	5,183

7. Financial Instruments

7.1 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.

8. Investments in Other Public Sector Bodies

	Loans funded from National Loans Fund £000
Cost or valuation	
At 1 April 2024	2,312,261
Additional February 25 payment*	(21,826)
Repaid directly to HMT during the year	(1,222)
Adjustment to NLF payable	-
Additions to Scottish Government	139,000
Loans repayable within 12 months transferred to debtors	(279,841)
Balance at 31 March 2025	2,148,372
Additions to Scottish Government	430,000
Loans repayable within 12 months transferred to debtors	(296,631)
Balance at 31 March 2026	2,281,741

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 £139,000,000 from the National Loan Fund in 2024-25 (£0 resource and £139,000,000 capital)

⁽²⁾ The Scottish Government borrowed a further £430,000,000 from the National Loan Fund in 2025-26 (£0 resource and £430,000,000 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.

9. Cash and Cash Equivalents

	2025-26 £000	2024-25 £000
Balance at 1 April 2025	31	246
Net change in cash and cash equivalents	(16)	(215)
Balance at 31 March 2026	15	31

All balances were held with the Government ServiceBanking

10. Trade Receivables Financial and Other Assets

	2025-26 £000	2024-25 £000
Amounts falling due within one year:		
Trade receivables	283	435
VAT	112	162
Prepayments and accrued income	290	186
NLF interest receivables	10,984	10,976
Current part of NLF loan	296,631	279,841
Total	308,300	291,600
	2025-26 £000	2024-25 £000
Amounts falling due after more than one year:		
NLF loans	2,281,741	2,148,372
Total	2,281,741	2,148,372

11. Trade Payables and Other Current Liabilities

	2025-26 £000	2024-25 £000
Amounts falling due within one year:		
Trade payables	143	-
Accruals and deferred income	2,581	2,494
Lease obligation	441	488
NLF interest payable	10,984	10,976
Current part of NLF loans	296,631	279,841
Amounts issued from the Consolidated Fund for supply but not spent at year end	15	31
Total	310,795	293,830
	2025-26 £000	2024-25 £000
Amounts falling due after more than one year:		
Lease obligation	3,923	4,364
NLF loans	2,281,741	2,148,372
Total	2,285,664	2,152,736

11a. Lease Liabilities

*Total future lease payments under lease obligations are given in the table below for each of the following periods:

	2025-26 £000	2024-25 £000
Buildings		
No later than one year	478	530
Later than one year and not later than five years	1,571	1,778
Later than five years	2,562	2,832
	4,611	5,140
Less the interest element	247	288
Present value of obligations as at 31 March 2026	4,364	4,852

12. 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.

In addition, The Scotland Office and Office of the Advocate General for Scotland has a number of significant transactions with other government departments mainly the Ministry of Justice and Scottish Government who are regarded as related parties.

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

13. Entities within the departmental boundary

The entities within the boundary during 2025–26 were as follows:

List of entities analysed between:

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

The Boundary Commission for Scotland is classified as an advisory Non-Departmental Public Body (NDPB) sponsored by the Scotland Office. While it falls within the departmental accounting boundary for budgeting purposes, its operational expenditures are funded directly via the Department's Parliamentary Supply Estimate and fully absorbed into the core financial statements. The Commission operates under an independent statutory remit and does not constitute a separate trading subsidiary or commercial investment entity under IFRS 10. The inclusion of this body does not give rise to a distinct parent-subsidiary relationship. Therefore, the production of separate group accounts is omitted as it would result in a duplication of the core financial disclosures.

14. Events after the Reporting Period

In accordance with the requirements of IAS 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.

Chapter 4: Public Expenditure Financial Tables

Table 1 - Spending by Scotland Office & Scottish Government 2023-24 to 2026-27

	2023-24 Outturn £'000	2024-25 Plans £'000	2024-25 Outturn £'000	2025-26 Plans £'000	2025-26 Outturn £'000	2026-27 Plans £'000
Scotland Office Expenditure						
Resource expenditure within Administration Costs	13,382	13,818	13,264	14,696	13,918	14,114
Other resource expenditure	302	413	280	1,163	973	2,152
Scotland Office Resource ⁽²⁾	13,684	14,231	13,544	15,859	14,891	16,266
Scotland Office Capital	25	50	44	500	0	50
Scotland Office Resource + Capital DEL ⁽²⁾	13,709	14,281	13,588	16,359	14,891	16,316
<i>less depreciation & impairments</i>	<i>(585)</i>	<i>(605)</i>	<i>(595)</i>	<i>(605)</i>	<i>(569)</i>	<i>(600)</i>
Scotland Office DEL ⁽³⁾	13,124	13,676	12,993	15,754	14,322	15,716
Scottish Government Expenditure (The Scottish Block)						
Scottish Government Resource (Before Block Grant Adjustment) ⁽²⁾	37,344,095	39,925,442	39,375,682	41,568,083	41,256,070	43,407,521
<i>less Block Grant Adjustment</i>	<i>(11,261,510)</i>	<i>(14,726,453)</i>	<i>(14,726,453)</i>	<i>(15,605,708)</i>	<i>(15,605,708)</i>	<i>(16,053,623)</i>
Scottish Government Resource ⁽²⁾	26,082,585	25,198,989	24,649,229	25,962,375	25,650,362	27,353,898
Scottish Government Capital	5,952,943	5,920,263	5,843,533	6,572,045	6,500,958	7,127,059
Scottish Government Resource + Capital DEL ^{(3) (5)}	32,035,528	31,119,252	30,492,762	32,534,420	32,151,320	34,480,957
<i>less depreciation & impairments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Scottish Government Total DEL ⁽³⁾⁽⁵⁾	32,035,528	31,119,252	30,492,762	32,534,420	32,151,320	34,480,957

⁽¹⁾ Totals may not sum due to roundings.

⁽²⁾ Excluding depreciation and impairments which are now included in AME.

⁽³⁾ Depreciation and impairments excluded from the Scottish Block Grant.

**Table 2 - Cash grant paid to the Scottish Consolidated Fund 2024-25:
Provision & Final Outturn**

	Original Provision £million	Final Provision £million	Final Outturn £million
Expenditure Classified as Departmental Expenditure Limit ⁽²⁾	29,309	31,119	30,493
Expenditure Classified as Annually Managed Expenditure ⁽³⁾	6,439	7,025	4,839
Expenditure Financed by Scottish Taxes	21,094	21,233	21,264
Expenditure Financed by Borrowing	796	300	139
Fiscal Framework Funding	230	30	7
Repayment of Principal on Loans	(265)	(266)	(266)
Drawdown from the Scotland Reserve	0	409	409
Non Domestic Rates	3,068	3,068	3,068
Total Managed Expenditure	60,671	62,918	59,953
Adjustments to cash requirement			
Non-budgetary cash items	746	746	46
Depreciation and Impairments	(1,957)	(1,657)	(1,027)
Other Cash to accruals adjustments	(3,738)	(4,268)	(3,537)
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	(21,094)	(21,233)	(21,264)
Repayment of Principal on Loans	265	266	266
Borrowing	(796)	(300)	(139)
Fiscal Framework Funding	(230)	(30)	(7)
Change to balance held in Scottish Consolidated Fund	-	-	(46)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office ⁽⁴⁾	27,955	30,453	28,255

Notes

⁽¹⁾ Totals may not sum due to rounding.

⁽²⁾ Resource and capital DEL excluding depreciation and impairments - Scottish Block Grant.

⁽³⁾ AME including depreciation and impairments.

⁽⁴⁾ Scotland Act 1998, Section 64 (2).

**Table 3 - Cash grant paid to the Scottish Consolidated Fund 2025-26:
Provision and Provisional Outturn**

	Original Provision £million	Final Provision £million	Provisional Outturn £million
Expenditure Classified as Departmental Expenditure Limit ⁽²⁾	32,284	32,535	32,151
Expenditure Classified as Annually Managed Expenditure ⁽³⁾	5,582	9,502	8,390
Expenditure Financed by Scottish taxes and other Fiscal Framework transactions	23,400	23,216	23,017
Expenditure Financed by Capital Borrowing	472	430	430
Expenditure Financed by Resource Borrowing	-	-	-
Repayment of Principal on Loans	(335)	(301)	(301)
Drawdown from the Scotland Reserve	-	571	595
Expenditure Financed by Non Domestic Rates	3,114	3,114	3,114
Total Managed Expenditure	64,518	69,066	67,396
Adjustments to cash requirement			
Non-budgetary cash items	746	746	46
Depreciation and Impairments	(1,874)	(4,254)	(3,906)
Other Cash to accruals adjustments	(3,209)	(4,185)	(4,203)
Non Domestic Rates Income	(3,114)	(3,114)	(3,114)
National Insurance Fund Payments towards Scottish NHS	(2,974)	(2,992)	(2,992)
Income from Scottish Taxes and other Fiscal Framework transactions	(23,400)	(23,216)	(23,017)
Repayment of Principal on Loans	335	301	301
Borrowing	(472)	(430)	(430)
Change to balance held in Scottish Consolidated Fund	-	-	(17)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office ⁽⁴⁾	30,556	31,922	30,063

Notes

⁽¹⁾ Totals may not sum due to rounding.

⁽²⁾ Resource and capital DEL excluding depreciation and impairments - Scottish Block Grant.

⁽³⁾ AME including depreciation and impairments.

⁽⁴⁾ Scotland Act 1998, Section 64 (2).

**Table 4 - Cash grant paid to the Scottish Consolidated Fund 2026-27:
Provision**

	Original Provision £million
Scottish Block Grant ⁽²⁾	34,481
UK Government Funded AME ⁽³⁾	5,956
Expenditure Financed by Scottish taxes and other Fiscal Framework transactions	24,169
Expenditure Financed by Capital Borrowing	491
Expenditure Financed by Resource Borrowing	-
Repayments of Principal on Loans	(315)
Expenditure Financed by Non Domestic Rates	3,474
Total Managed Expenditure	68,255
Adjustments to cash requirement	
Non-budgetary cash items	746
Depreciation and Impairments	(1,309)
Other Cash to accruals adjustments	(4,217)
Non Domestic Rates Income	(3,474)
National Insurance Fund Payments towards Scottish NHS	(3,087)
Income from Scottish Taxes and other Fiscal Framework transactions	(24,019)
Repayments of Principal on Loans	315
Borrowing	(491)
Cash Grant payable to Scottish Consolidated Fund by Scotland Office ⁽⁴⁾	32,720

Notes

⁽¹⁾ Totals may not sum due to roundings.

⁽²⁾ Resource and capital DEL excluding depreciation and impairments - Scottish Block Grant.

⁽³⁾ AME including depreciation and impairments.

⁽⁴⁾ Scotland Act 1998, Section 64 (2).

