

Final Outturn Report for the Scottish Budget for the year ended 31 March 2020

**Laid before the Scottish Parliament
by the Scottish Ministers
17 December 2020**

Purpose

1. The purpose of this report is to present a statement of final outturn for the financial year 2019-20 against the statutory limits authorised through the appropriate legislative processes by the Scottish Parliament.

Background

2. Building on the Scottish Government's 2019-20 Consolidated Accounts¹, this report summarises the financial outturn of the bodies within the Scottish Administration, to report against the statutory budget limits authorised by the Scottish Parliament.

3. This report also includes the outturn of other bodies funded directly from the Scottish Budget, the Scottish Parliamentary Corporate Body and Audit Scotland.

Scottish Budget approved by the Scottish Parliament

4. The Scottish Government's 2019-20 Consolidated Accounts¹ reports a final expenditure outturn of £39.4 billion against the approved budget of £38.7 billion, an overspend of £669 million.

5. This overspend is offset after including the figures for the other bodies included within the Scottish Administration boundary. This position shows final expenditure outturn of £44.0 billion against the approved Parliamentary budget of £44.1 billion, an underspend of £122 million.

6. The inclusion of the directly-funded bodies completes the picture, where the overall reported position for the total Scottish Budget in 2019-20 shows an expenditure outturn of £44.1 billion against the approved Parliamentary budget of £44.2 billion, resulting in an underspend of £129 million which represents less than 0.5 per cent of budget.

7. The overspend reported in the 2019-20 consolidated accounts¹ has arisen due to an adjustment of £912 million to create a non-cash provision for business support measures provided to Local Authorities as part of the Scottish Government's COVID-19 response, recognising the commitment to provide that funding, although the payments themselves were not made until 2020-21, with appropriate budget cover in the 2020-21 Summer Budget Revision. This is offset by underspends elsewhere in the Scottish Administration, the most significant of which relate to NHS and Teachers' pension schemes (£788 million) and the Transport, Infrastructure and Connectivity (TIC) portfolio (£232 million).

8. The £788 million NHS and Teachers' pension schemes underspend is a non-cash movement and relates to adjustments to the estimates of future pension scheme liabilities as more detail has become available on the financial impact of the remedies associated with the outcome of the McCloud case remedy, in accordance with the result of the HM Treasury consultation published on 16 July 2020.

9. A range of TIC portfolio underspends make up the £232 million total including delays on broadband roll out, lower than anticipated take up of demand led energy budgets, restructuring of complex City Deals projects and Transport Scotland related underspends.

¹ <http://www.gov.scot/isbn/9781800044791>

10. Full details of the adjustment for the provision of business support and more information on all budget variances can be found in the 2019-20 Scottish Government consolidated accounts².

Scottish Budget – HM Treasury

11. The Provisional Outturn statement announced in June also reported the position in terms of Scottish Government expenditure against the fiscal controls set by HM Treasury. The two sets of outturn information are not strictly comparable. The scope of what is included in this report is determined by the requirements of the Government's Financial Reporting Manual (FReM) and covers elements that are not included within HM Treasury fiscal totals. The final 2019-20 outturn position against HM Treasury controls, which was broadly in line with the provisional outturn position, was confirmed with HM Treasury in November as £35.2 billion against a budget of £35.6 billion, resulting in an underspend of £447 million (a net fiscal movement of £1 million).

12. Under the current devolution settlement, the Scottish Parliament is not allowed to overspend its budget. As a consequence, the Scottish Government has consistently adopted a position of managing income and expenditure to ensure it remains within the budget limits that apply, but is able to carry forward some resources for use in a future years to match demand. No spending power is lost to the Scottish Budget as a result of the underspends set out here.

Taxes, Borrowing and the Scotland Reserve

13. The Fiscal Framework Outturn Report 2020³ published by the Scottish Government on 1 October provides information in relation to Scottish Income Tax, fully devolved taxes, the use of borrowing powers and the operation of the Scotland Reserve.

Summary

14. The Scottish Government's approach means that budgets are carefully managed across more than one year, with limited funding carried forward into the following year to support budget plans approved by the Scottish Parliament. This approach recognises that there are fluctuations in demand and associated costs across spending review periods, ensuring there is no loss of spending power in Scotland. Further details on the final 2019-20 figures are provided at Annex 1.

² <http://www.gov.scot/isbn/9781800044791>

³ <http://www.gov.scot/isbn/9781800041226>

Annex 1 - 2019-20 Final Outturn

	Final Outturn £million	Budget £million	Over/ (Under) £million
Total Scottish Government Consolidated Accounts*	39,385	38,716	669
National Records of Scotland	42	44	(2)
Office of the Scottish Charity Regulator	3	3	-
Scottish Courts and Tribunal Service	141	141	-
Scottish Fiscal Commission	2	2	-
Revenue Scotland	9	9	-
Food Standards Scotland	18	19	(1)
Scottish Housing Regulator	5	5	-
NHS and Teachers' Pension Schemes	4,352	5,140	(788)
Total Scottish Administration	43,956	44,078	(122)
Scottish Parliament Corporate Body	106	108	(2)
Audit Scotland	13	18	(5)
Total Scottish Budget	44,075	44,204	(129)

*Detailed financial information with a breakdown by ministerial portfolio, including variance explanations, is available within the 2019-20 Scottish Government Consolidated Accounts⁴

⁴ <http://www.gov.scot/isbn/9781800044791>



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