

Final Outturn Report for the Scottish Budget 2022-2023

May 2024

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Purpose

1. The purpose of this report is to present a statement of Final Outturn for the financial year 2022-23 against the statutory limits authorised through the appropriate legislative processes by the Scottish Parliament.
2. The report then summarises the financial outturn of the Scottish Government, the bodies within the Scottish Administration and bodies funded directly from the Scottish budget (Scottish Parliamentary Corporate Body and Audit Scotland) against HM Treasury budgetary limits. It also provides a reconciliation to the Scottish Government's 2022-23 Consolidated Accounts.

Background

3. Building on the Scottish Government's 2022-23 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.
4. This report also includes the outturn of other bodies funded directly from the Scottish Budget, the Scottish Parliamentary Corporate Body and Audit Scotland.
5. Final Outturn reports the position of the Scottish Government's expenditure against the fiscal controls set by HM Treasury which include all bodies within the Scottish Government budgeting boundary (with the areas making up the budgeting boundary set out in tables 1 and 2). The Provisional Outturn statement announced in June 2023 also follows this format.

Scottish Government Consolidated Accounts

6. The scope of the Scottish Government's Consolidated Accounts are determined by the requirements of the Government's Financial Reporting Manual (FRoM) and covers elements not included within HM Treasury fiscal totals. The variances are driven by different reporting boundaries and with the Accounts based against the Spring Budget Revision (SBR), which does not include final borrowing and funding decisions, as well as the impact of any consequential changes from the final UK Supplementary Estimates process which concluded post SBR. Therefore, as these reports are generated on a different basis, the figures reported in the Consolidated Accounts and the Provisional and Final Outturns will differ.
7. The Scottish Government's 2022-23 Consolidated Accounts¹ reports a final expenditure outturn of £49.8 billion against the approved budget of £50.3 billion, generating an underspend of £509 million.

¹ [Scottish Governments Consolidated Accounts Year Ended 31 March 2023](#)

8. Taking into account other bodies included within the wider Scottish Administration boundary, the position shows final expenditure outturn of £57.2 billion against the approved Parliamentary budget of £57.6 billion, generating an underspend of £344 million.
9. The inclusion of the directly-funded bodies (i.e. Scottish Parliament and Audit Scotland) completes the picture. The overall reported position for the total Scottish Budget in 2022-23 shows an expenditure outturn of £57.4 billion against the approved Parliamentary budget of £57.7 billion. This results in an underspend of £347 million which represents 0.6 percent of budget. Table 1 below provides further detail. It should be noted the figures provided are as reported in the audited accounts of each body.

Table 1 - Comparison of Outturn to the Budget Approved by the Scottish Parliament

2022-23 Scottish Government Consolidated Accounts	Final Outturn £million	Budget as at Spring Budget Revision £million	Over / Under £million
Finance and Economy	1,456	1,496	(40)
Health and Social Care	17,634	17,895	(261)
Education and Skills	3,948	4,004	(56)
Net Zero Energy and Transport	4,031	4,141	(110)
Constitution External Affairs and Culture	267	271	(4)
Justice and Veterans	3,298	3,329	(31)
Rural Affairs and Islands	895	898	(3)
Social Justice Housing and Local Government	18,007	18,002	5
Deputy First Minister and Cabinet Secretary for Covid Recovery	40	45	(5)
The Crown Office and Procurator Fiscal	191	195	(4)
Total Scottish Government as per Consolidated Accounts	49,767	50,276	(509)
Environmental Standards Scotland	2	2	0
Food Standards Scotland	26	26	0
National Records of Scotland	62	63	(1)
NHS & Teachers Pension Schemes	7,141	6,966	175
Office of the Scottish Charity Regulator	3	3	0
Registers of Scotland	7	13	(6)
Revenue Scotland	8	8	0
Scottish Courts and Tribunal Service	183	186	(3)
Scottish Fiscal Commission	2	2	0
Scottish Housing Regulator	5	5	0
Total Scottish Administration	57,206	57,550	(344)
Scottish Parliament	128	130	(2)
Audit Scotland	16	17	(1)
Total Scottish Budget	57,350	57,697	(347)

10. The total underspend of £347 million does not represent a loss of spending power to the Scottish Government.

11. Full details of the Scottish Government Consolidated Accounts underspends which make up the £509 million underspend are outlined at:

<https://www.gov.scot/publications/scottish-government-consolidated-accounts-year-ended-31-march-2023>.

12. Of the remaining figures over and above the Consolidated Accounts position, the most material variance (a £175 million overspend) relates to NHS and Teacher pension schemes. The pension schemes fall under Annually Managed Expenditure (AME) budgets which are ring-fenced budgets set by HM Treasury. Any under/over spends shown against UK-funded Annually Managed Expenditure cannot be deposited in the Scotland Reserve and have no subsequent impact on the Scottish Budget. These budgets are not available for general public services.

Taxes, Borrowing and the Scotland Reserve

13. The Fiscal Framework Outturn Report 2023² published by the Scottish Government on the 29th of September provides information in relation to Scottish Income Tax, fully devolved taxes, the use of borrowing powers and the operation of the Scotland Reserve. The Fiscal Framework Outturn Report sets out the position as reported in the Provisional Outturn statement to Parliament in June 2023. The next section provides an update to that position and an explanation of the key movements between Provisional and Final Outturn.

Final Outturn – HM Treasury Controls

14. The final 2022-23 fiscal outturn confirmed with HM Treasury in December was £46.8 billion against a budget of £47.1 billion, resulting in an underspend of £326 million. This is just under 1% of the total budget (Table 2 below provides further detail). This represents a movement of £82 million from the £244 million underspend reported in June 2023 in the Provisional Outturn Statement.

² [Fiscal Framework Outturn Report 2023](#)

Table 2 – Final Outturn 2022-23 (HMT budgetary limits)

2022-23 Final Outturn	Outturn	Budget	Variance
	£million	£million	£million
Finance and Economy	1,386	1,461	(75)
Health and Social Care	17,066	17,168	(102)
Education and Skills	3,779	3,903	(124)
Net Zero Energy and Transport	4,257	4,542	(285)
Constitution External Affairs and Culture	273	280	(7)
Justice and Veterans	3,283	3,313	(30)
Rural Affairs and Islands	873	886	(13)
Social Justice Housing and Local Government	15,252	15,285	(33)
Deputy First Minister and Cabinet Secretary for Covid Recovery	41	45	(4)
The Crown Office and Procurator Fiscal	196	201	(5)
Total Scottish Government	46,406	47,084	(678)
Environmental Standards Scotland	2	2	0
Food Standards Scotland	25	25	0
National Records of Scotland	59	59	0
NHS & Teachers Pension Schemes	0	0	0
Office of the Scottish Charity Regulator	3	3	0
Registers of Scotland	3	5	(2)
Revenue Scotland	7	7	0
Scottish Courts and Tribunal Service	152	153	(1)
Scottish Fiscal Commission	2	2	0
Scottish Housing Regulator	5	5	0
Total Scottish Administration	46,664	47,345	(681)
Scottish Parliament	109	110	(1)
Audit Scotland	10	11	(1)
Total Scottish Budget	46,783	47,466	(683)
Funding Adjustments – late UK Supplementary Estimate funding reduction		67	(67)
Funding Adjustments – reduction in borrowing		(182)	182
Funding Adjustments – reductions in Financial Transactions		(82)	82
Funding Adjustment - IFRS 16		(160)	160
Total Outturn	46,783	47,109	(326)

15. The Provisional Outturn Statement is presented to Parliament prior to completion of audited accounts for the Scottish Government and associated bodies and is therefore subject to change.

16. The changes between Provisional and Final Outturn were a result of accounting adjustments which occurred as part of the year-end process. The main driver of the change is within the Health and Social Care portfolio and relates to a timing difference between years arising from a different audit interpretation of how income from a contract relating to treatment of patients from other boards areas by Glasgow should be recorded (£68 million).
17. The £326 million underspend is carried forward in full in the Scotland Reserve. The majority of this carry forward had already been pro-actively anticipated, and the final 2023-24 spending plans, already approved by this parliament reflect full drawdown of the balances brought forward. This includes: the £39 million of Financial Transactions anticipated within the 2023-24 Budget (published in December 2022), and £115 million of additional funding announced (at stage 3 of the Budget Bill on 21 February 2023) by the Deputy First Minister to further support Local Government, and the inter-islands ferry network. The remainder has been fully allocated during 2023-24 as part of the Autumn and Spring Budget Revision processes.
18. Annex A provides a reconciliation to the Scottish Government's Consolidated Accounts versus Final Outturn statement against HM Treasury Totals. The difference is driven by non-cash and funding adjustments.

Summary

19. 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 fluctuations in demand and associated costs across spending review periods, ensuring no loss of spending power in Scotland. Table 3 below sets out the final Reserve carry forward position.

Table 3 – Scotland Reserve 2022-23

Scotland Reserve 2022-23	Resource £million	Capital £million	Financial Transactions £million	Total £million
Provisional Outturn	181	25	39	245
Movement	69	7	5	81
Final Outturn	250	32	44	326

Annex A – Outturn Reconciliation between HMT Basis and Scottish Government Basis

2022-23 Reconciliation from Scottish Government Consolidated Accounts to HMT Final Outturn	Scottish Budget Variance	Remove GIA and add HMT resource capital and FT	AME / Other	HMT Budget Variance	Non-Cash	HMT Budget Variance (excl. Non-Cash)
	£million	£million	£million	£million	£million	£million
Finance and Economy	(40)	11	4	(25)	(50)	(75)
Health and Social Care	(261)	(78)	227	(112)	10	(102)
Education and Skills	(56)	(71)	405	278	(402)	(124)
Net Zero Energy and Transport	(110)	(125)	(6)	(241)	(44)	(285)
Constitution External Affairs and Culture	(4)	(4)	1	(7)	0	(7)
Justice and Veterans	(31)	2	4	(25)	(5)	(30)
Rural Affairs and Islands	(3)	0	0	(3)	(10)	(13)
Social Justice Housing and Local Government	5	0	(57)	(52)	19	(33)
Deputy First Minister and Cabinet Secretary for Covid Recovery	(5)	1	0	(4)	0	(4)
The Crown Office and Procurator Fiscal	(4)	0	(2)	(6)	1	(5)
Total Scottish Government	(509)	(264)	576	(197)	(481)	(678)
Environmental Standards Scotland	0	0	0	0	0	0
Food Standards Scotland	0	0	0	0	0	0
National Records of Scotland	(1)	0	0	(1)	1	0
NHS & Teachers Pension Schemes	175	0	(175)	0	0	0
Office of the Scottish Charity Regulator	0	0	0	0	0	0
Registers of Scotland	(6)	0	2	(4)	2	(2)
Revenue Scotland	0	0	0	0	0	0
Scottish Courts and Tribunal Service	(3)	0	(1)	(4)	3	(1)
Scottish Fiscal Commission	0	0	0	0	0	0
Scottish Housing Regulator	0	0	0	0	0	0
Total Scottish Administration	(344)	(264)	402	(206)	(475)	(681)
Scottish Parliament	(2)	0	0	(2)	1	(1)
Audit Scotland	(1)	0	0	(1)	0	(1)
Total Scottish Budget	(347)	(264)	402	(209)	(474)	(683)
Funding Adjustments – late UK Supplementary Estimate funding reduction						(67)
Funding Adjustments – reduction in borrowing						182
Funding Adjustments – reductions in Financial Transactions						82
Funding Adjustments – reductions relating to IFRS 16 underspends						160
Total						(326)

Glossary

Scottish Budget Variance – The difference between actual outturn and budget as reported in the Scottish Government Accounts and also brings in those bodies within the Scottish Administration boundary and directly funded bodies.

NDPBs / Other Bodies – The Scottish Government Consolidated Accounts includes the grant in aid to the Scottish Government sponsored bodies. To reconcile this to HMT Treasury reporting the grant in aid is removed and replaced with the actual expenditure in those bodies.

AME / Other – refers to Annually Managed Expenditure and Outside Departmental Expenditure which does not form part of the Scotland Reserve limit and therefore is removed.

Non-Cash – refers to accounting adjustments such as depreciation and does not form part of the Scotland Reserve therefore is removed from the Scottish Budget variance to get to the HMT Budget variance.

HMT Budget Variance – is the difference between actual outturn and budget for resource, capital and financial transactions which is reported to HMT. Note the funding adjustments in the table relate to changes to funding post conclusion of the Spring Budget Revision and forms part of the overall Scotland Reserve. Note the Scottish Government has a limit of £700 million which can be carried forward in full for use in future years. Following the revised Fiscal Framework agreed 2023, the Scotland Reserve will be capped in aggregate at £700m in 2023-24 prices (using the OBR's GDP deflator forecast at the time of the Scottish Government draft Budget), and therefore updated annually.



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