

## Annex A – List of correspondence

The table below lists correspondence between the Scottish Government and third parties. These are in the form of emails, but have been reproduced in Annex B below for to make them as accessible as possible.

| <b>Correspondence Number</b> | <b>Brief description</b>  |
|------------------------------|---|
| 1                            | Email correspondence with <b>Fraser of Allander Institute</b>                   |
| 2                            | Email correspondence with <b>Oxford University and HM Treasury</b>              |
| 3                            | Email correspondence with <b>Scottish Parliament Information Centre (SPICe)</b> |
| 4                            | Email correspondence with <b>HM Treasury</b>                                    |
| 5                            | Email correspondence with <b>UK Statistics Authority</b>                        |
| 6                            | Email correspondence with <b>Oil and Gas Authority</b>                          |

## Annex B – Correspondence

### 1. Email correspondence with Fraser of Allander Institute

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 06 September 2017 11:31  
**To:** Fraser of Allander Institute <<email address redacted>>  
**Subject:** GERS tables 3.6 - 3.8

Hi <<name redacted>>,

The measure of depreciation used in GERS is capital consumption, which for various technical reasons is different from depreciation that you'll find in company accounts. It's set out separately in Table A.8.

Capital consumption/depreciation is reported as part of the accounting adjustment line in current expenditure. So the individual function lines (health, education, etc.) will not include depreciation, but total spend does.

Hope that makes sense!

<<name redacted>>

**From:** Fraser of Allander Institute <<email address redacted>>  
**Sent:** 06 September 2017 11:26  
**To:** Scottish Government <<email address redacted>>  
**Subject:** GERS tables 3.6 - 3.8

Hi <<name redacted>>/<<name redacted>>

Hope you can help with this (hopefully for you, easy) question. Do the expenditure figures in Tables 3.6 – 3.8 include or exclude depreciation?

Thanks  
<<name redacted>>

## 2. Email correspondence with Oxford University and HM Treasury

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 18 August 2017 15:01  
**To:** Oxford University <<email address redacted>>  
**Cc:** HM Treasury <<email address redacted>>; HM Treasury <<email address redacted>>; HM Treasury <<email address redacted>>  
**Subject:** Re: CRA and GERS

Hi <<name redacted>>,

Regarding devolved spending, there is no straightforward way to compare with the equivalent in England. A measure which is sometimes used as a proxy is identifiable spending excluding social protection spending, as (at the moment) almost all social protection spending is reserved, and most identifiable spending is devolved. There are some exceptions to this, however, with, e.g. research council spending, nuclear decommissioning spending, or national lottery grants example of spending which is identifiable to Scotland in the CRA, but is reserved; and public sector pensions is an example of some spending which is in social protection but is devolved.

Hope that's helpful,

<<name redacted>>

**From:** Oxford University <<email address redacted>>  
**Sent:** 17 August 2017 16:43  
**To:** HM Treasury <<email address redacted>>  
**Cc:** Scottish Government <<email address redacted>>; HM Treasury <<email address redacted>>; HM Treasury <<email address redacted>>  
**Subject:** Re: CRA and GERS

Thanks <<name redacted>>, for such a quick and full reply.

Am I right in thinking sounds as though the numbers will converge but that the gap will be (other things being equal) close to the PESA number?

I get the HRA stuff I think but freely admit I never got to the bottom of the accounting adjustments

<<name redacted>> might be interested to know that I'm thinking of comparing devolved expenditure with the same in England. It's by my reckoning over a quarter per head higher.

Various ways of doing that sum but say £1400 lead per head over England as in GERS almost all of which is in devolved spend over devolved spend of roughly £6000 gives a lead of 30%. Even with a lead of £200 on reserved spend - which implies implausibly a 5% lead on social security - the devolved lead is 25%. )

But <<name redacted>> can tell me if I have that wrong

**From:** HM Treasury <<email address redacted>>

**Sent:** 17 August 2017 15:10

**To:** Oxford University <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>; HM Treasury <<email address redacted>>; HM Treasury <<email address redacted>>

**Subject:** Re: CRA and GERS

Dear <<name redacted>>,

Thanks for your email. I am also copying in my colleague from the Scottish Government who we work closely with (even if there are some difference in final products).

The CRA (HMT) and GERS (Scotland) are quite closely aligned because, broadly speaking, they work off the same data sources. However, they do have some key differences around timing and methodology. GERS is now published ahead of HMT's CRA using HMT data from the previous year and other spending publications. Therefore, there will always be some differences when the CRA follows later in the year. In addition, GERS uses a slightly different methodology. I believe the statisticians in Scotland attribute non-ID (as you mention) but also 'accounting adjustments' (that bridge the gap between HMT's 'expenditure on services' aggregate and 'total managed expenditure'). However, despite these core differences, the figures would normally be closer. I believe there are two core reasons last year for the differences you ask about below:

1. Total managed expenditure now includes the expenditure relating to Housing Associations after a recent ONS reclassification. This is not yet collected by HMT and therefore not included within the CRA for England, Scotland, Wales or NI. GERS however, included an estimate relating to English Housing Associations in their UK figure but nothing of this was apportioned to a Scotland figure. This is because at the time only English Housing Associations had been re-classified as public sector by the ONS and Scottish HA's had yet to be re-classified. I believe this had a £7.9bn impact on the UK figure plus some additional expenditure relating to debt interest. All devolved housing associations have now been re-classified to the public sector so this year, this difference is likely to decrease because GERS will include the impact of Scottish HA's and be on a comparable basis to the UK figure.
2. GERS did not include Scottish Housing Revenue account numbers in their 2016 exercise. This would have increased Scotland figures by £0.66bn. Statisticians are planning to include this for the next GERS. HMT are also looking to improve the Network Rail apportionments provided by DfT in the CRA. This is expected to reduce Scottish expenditure slightly, offsetting some of the above. We don't have figures from DfT on this as yet though so can not confirm. Currently the GERS figure is around £0.4bn higher than CRA. Again, both GERS and CRA contacts will be looking to work with DfT to agree a methodology.

There were also other less significant differences. I would expect the figures to converge in upcoming releases because the main issues highlighted above will be actioned. Hopefully this makes sense but let me know if it isn't clear enough.

<<name redacted>>

**From:** Oxford University <<email address redacted>>  
**Sent:** 16 August 2017 14:59  
**To:** HM Treasury <<email address redacted>>  
**Subject:** Fwd: CRA and GERS

I wonder if in <<name redacted>> absence you might be able to help me out with this question?

Begin forwarded message:

**From:** Oxford University <<email address redacted>>  
**Subject: CRA and GERS**  
**Date:** 16 August 2017 at 14:50:04 BST  
**To:** HM Treasury <<email address redacted>>

Dear <<name redacted>>

I am grateful to you and colleagues for passing me the relevant connections to have fun with the CRA Database.

Once i have completed the working people in this be very happy to show it to you and ask your comments on it.

But I wonder if you can help me out with a quick query. It arises because the press have been asking me to comment on next week's publication of the GERS numbers for Scotland. it's quite a simple one, and must surely have an obvious answer.

We all know that public spending in Scotland is higher proportionately than England.

The numbers are in the published tables. You will recognise this from table 9.2 of PESA 2017, which has Identifiable spending in Scotland about £1500 head higher than the UK average. It was about £1400 the year before.

|                             |        |        |        |        |        |
|-----------------------------|--------|--------|--------|--------|--------|
| England                     | 8,440  | 8,484  | 8,563  | 8,716  | 8,816  |
| Scotland                    | 10,020 | 10,187 | 10,196 | 10,327 | 10,536 |
| Wales                       | 9,760  | 9,623  | 9,765  | 9,887  | 9,996  |
| Northern Ireland            | 10,684 | 10,773 | 10,927 | 11,041 | 10,983 |
| UK identifiable expenditure | 8,700  | 8,747  | 8,824  | 8,971  | 9,076  |

But the Scottish government's GERS publication last August said the gap in total spending per capita was £1200. Obviously that includes non-identifiable spending, but it shouldn't differ per capita

Have you any idea what's going on here?

<<name redacted>>

### 3. Email correspondence with Scottish Parliament Information Centre (SPICe)

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 08 June 2017 14:54  
**To:** SPICe <<email address redacted>>  
**Subject:** RE: Question

Hi <<name redacted>>,

HS1 is the high speed link to the English channel from London. No expenditure associated with this project is apportioned to Scotland in GERS.

HS2 refers to the planned construction of high speed lines from London to the North. Scotland is allocated 2% of this expenditure in GERS. This is based on the HS2 business case, which suggests that 2% of the benefits will occur travellers from Scotland. This is available at the link below:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/365065/S\\_A\\_1\\_Economic\\_case\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/365065/S_A_1_Economic_case_0.pdf)

I hope this is helpful.

Kind regards,

<<name redacted>>

**From:** SPICe <<email address redacted>>  
**Sent:** 08 June 2017 14:13  
**To:** Scottish Government <<email address redacted>>  
**Subject:** Question

<<name redacted>>,

Hope this finds you well.

I've had an enquiry, which I was hoping you may be able to advise on. As I understand it, work on this project has yet to or is just about to commence. The enquiry is as follows:

We have been contacted by a constituent who is looking for information on the apportionment of expenditure on the HS1 and HS2 projects to Scotland within GERS. I'd be glad of any information you can provide on this subject.

Any thoughts welcome.

Best

<<name redacted>>

## 4. Email correspondence with HM Treasury

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 21 September 2016 16:36  
**To:** HM Treasury <<email address redacted>>  
**Subject:** RE: Crossrail data in GERS

Hi <<name redacted>>,

The figures were taken from the OSCAR transparency releases. However, I also cross-checked them against DfT's annual report, which show a breakdown of their RDEL and CDEL by project, and they did match (see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/552876/dft-annual-report-and-accounts-2015-to-2016-web-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/552876/dft-annual-report-and-accounts-2015-to-2016-web-version.pdf) table in Annexes on page 228 onwards)

Regards,

<<name redacted>>

**From:** HM Treasury <<email address redacted>>  
**Sent:** 21 September 2016 16:26  
**To:** Scottish Government <<email address redacted>>  
**Subject:** Crossrail data in GERS

Hi <<name redacted>>,

In your recent GERS publication table A.7 accounting adjustments shows a line for Crossrail. I am just curious to know where you have sourced this from?

| Table A.7: Expenditure Accounting Adjustment: UK |           |         |         |         |         |
|--|-----------|---------|---------|---------|---------|
|  | £ million |         |         |         |         |
|  | 2011-12   | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Crossrail  | 517       | 1,205   | 1,123   | 1,082   | 829     |

We are considering including Crossrail expenditure within TES functional lines (eventually leading to CRA splits) and are just comparing available data sources for this.

Regards

<<name redacted>>

## 5. Email correspondence with UK Statistics Authority

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 23 August 2016 11:45  
**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>  
**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>  
**Subject:** RE: UKSA and GERS

Great. Thanks <<name redacted>>.

<<name redacted>>

**From:** UKSA <<email address redacted>>  
**Sent:** 23 August 2016 10:52  
**To:** Scottish Government <<email address redacted>>; Office of National Statistics <<email address redacted>>  
**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>  
**Subject:** RE: UKSA and GERS

<<name redacted>>,

Thanks for this. It looks fine other than that I would delete the two words shaded in your version below as our remit is not just about publications.

Regards

<<name redacted>>

**From:** Scottish Government <<email address redacted>>  
**Sent:** 19 August 2016 18:42  
**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>  
**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>  
**Subject:** RE: UKSA and GERS

Hi <<name redacted>>,

Just following up from the last email, as I said, we're hoping to include a bit more detail in the full consultation response. Are you happy with the wording below. It essentially says the same thing, but slightly more formally.

Thanks,

<<name redacted>>

Amongst other bodies, the UK Statistics Authority (UKSA), which is the independent body responsible for monitoring and assessing **statistical publications'** compliance with the Code of Practice for Official Statistics,<sup>[1]</sup> was consulted on the change in timing of the GERS

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<sup>[1]</sup> <https://www.statisticsauthority.gov.uk/monitoring-and-assessment/code-of-practice/>



2015-16 publication. The UKSA has confirmed that the release of GERS in August 2016 is consistent with the principles, practices, and protocols of the Code of Practice, namely:

**Principle 1, Meeting user needs**

Practice 4. Publish statistical reports according to a published timetable that takes account of user needs

**Protocol 2: Release practices**

Practice 1. Release statistical reports as soon as they are judged ready, so that there is no opportunity, or perception of opportunity, for the release to be withheld or delayed.

Practice 5. Draw public attention to any change to a pre-announced release date and explain fully the reasons for the change at the same time. The relevant statistical Head of Profession has the final decision and should not be influenced by non-statistical matters.

<sup>[1]</sup> <https://www.statisticsauthority.gov.uk/monitoring-and-assessment/code-of-practice/>

**From:** UKSA <<email address redacted>>

**Sent:** 17 August 2016 15:58

**To:** Scottish Government <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>

**Subject:** RE: UKSA and GERS

Thanks <<name redacted>>. That looks fine to us in capturing the same material in easier language.

Regards

<<name redacted>>

**From:** Scottish Government <<email address redacted>>

**Sent:** 17 August 2016 15:20

**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>

**Subject:** RE: UKSA and GERS

Thanks <<name redacted>>,

Happy to add it back in, but just conscious of creating a single sentence paragraph that runs over five lines! How about

- The UK Statistics Authority has confirmed that the release of GERS at this time is consistent with the requirements of the Code of Practice to release statistical reports as soon as they are judged ready, **according to a published timetable** that takes account of user needs, without being influenced by non-statistical matters. This **helps** ensure that there is no opportunity, or perception of opportunity, for the release to be withheld or delayed.

**From:** UKSA <<email address redacted>>

**Sent:** 17 August 2016 14:16

**To:** Scottish Government <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>; UKSA <<email address redacted>>

**Subject:** RE: UKSA and GERS

Hi <<name redacted>>,

<<name redacted>> and I have just had a look at this. We think simplifying is fine, but wonder if you can add back in the language about publication being in line with a published timetable as that feels quite relevant in this case - it is not just that the data are ready now, it is that you preannounced in advance of parliamentary recess dates being set that this is when you would publish. A slightly rejigged version of the text that does this could be:

- The UK Statistics Authority has confirmed that the release of GERS at this time is consistent with the requirements of the Code of Practice to release statistical reports as soon as they are judged ready. This ensures so that there is no opportunity, or perception of opportunity, for the release to be withheld or delayed and according to a published timetable at a time that takes account of user needs, without being influenced by non-statistical matters.

How does that look?

<<name redacted>>

**From:** Scottish Government <<email address redacted>>

**Sent:** 17 August 2016 11:55

**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>

**Subject:** RE: UKSA and GERS

Hi <<name redacted>>,

Thanks for getting back to me. I agree that it makes sense to focus on the change to timing, so agree with your suggested approach.

However, given that it is going into the summary of the document, I'd like the text to be as short and succinct as possible. I've rejigged the paragraph and cut it back a bit, but also added in a reference to practice 5, protocol 2: not being influenced by non-statistical matters.

- The UK Statistics Authority has confirmed that the release of GERS at this time is consistent with the requirements of the Code of Practice to release statistical reports as soon as they are judged ready at a time that takes account of user needs, without being influenced by non-statistical matters. This ensures that there is no opportunity, or perception of opportunity, for the release to be withheld or delayed.

Hopefully this is ok? We will probably include the expanded version with references to the particular clauses and protocols in our consultation response, where we will have the space to go into more detail.

Kind regards,

<<name redacted>>

**From:** UKSA <<email address redacted>>

**Sent:** 17 August 2016 11:00

**To:** Scottish Government <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>

**Subject:** RE: UKSA and GERS

Hi <<name redacted>>,

Thanks for the reminder. I have discussed here and our suggestion is to be a bit more specific about what you have consulted on and where we have confirmed code compliance, so the wording of the paragraph below might become:

- ~~The UK Statistics Authority was consulted on changes to the timing of this year's publication, and has confirmed that GERS continues to be managed objectively, in the public interest, and free from political interference.~~ the release of GERS at this time is consistent with the Code of Practice - in particular the clauses in principle 1 and protocol 2 that require 'Publish statistical reports according to a published timetable that takes account of user needs' and 'Release statistical reports as soon as they are judged ready, so that there is no opportunity, or perception of opportunity, for the release to be withheld or delayed'.

How does that look to you?

Regards

<<name redacted>>

**From:** Scottish Government <<email address redacted>>

**Sent:** 17 August 2016 09:58

**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>

**Subject:** RE: UKSA and GERS

Hi <<name redacted>>,

Sorry to hassle you about this. Just checking whether you will be able to get to us today on the wording?

Regards,

<<name redacted>>

**From:** UKSA <<email address redacted>>

**Sent:** 11 August 2016 15:21

**To:** Scottish Government <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>

**Subject:** RE: UKSA and GERS

<<name redacted>>,

Many thanks for this. We will respond on the suggestion next week - in advance of your deadline.

Best regards

<<name redacted>>

**From:** Scottish Government <<email address redacted>>

**Sent:** 11 August 2016 11:43

**To:** UKSA <<email address redacted>>; Office of National Statistics <<email address redacted>>

**Cc:** Scottish Government <<email address redacted>>

**Subject:** UKSA and GERS

Hi <<name redacted>>, <<name redacted>>,

<<name redacted>> met with <<name redacted>> earlier in the week, and discussed some of the coverage that there has been of the decision to bring forward GERS to August, particularly that which suggested that the decision was made for some political purpose.

<<name redacted>> mentioned that <<name redacted>> had suggested we could include some language in GERS from the UKSA, reaffirming the UKSA view that GERS is independently produced. I've attached a draft of some text that could be included in the summary. Could you have a look at it and confirm whether the UKSA would be happy with this, or suggest an alternative?

We're getting quite close to the publisher's deadline, so if we were able to get something sorted by **Wednesday 17<sup>th</sup>** that would be great.

Happy to discuss,

Thanks,

<<name redacted>>

## 6. Email correspondence with Oil and Gas Authority

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**From:** Scottish Government <<email address redacted>>  
**Sent:** 28 August 2017 08:11  
**To:** Oil and Gas Authority <<email address redacted>>  
**Subject:** RE: Query about Table 2.1 in GERS 2016-17

<<name redacted>>,

The ONS supplied us with CPSB directly. And you are right, of course that the licence fees series contains royalties as well.

As to the revisions, in previous years we included Emissions Trading Scheme revenues with North Sea revenues, but this is no longer the case.

Regards

<<name redacted>>

**From:** Oil and Gas Authority <<email address redacted>>  
**Sent:** 25 August 2017 17:27  
**To:** Scottish Government <<email address redacted>>  
**Cc:** HMRC <<email address redacted>>; Scottish Government <<email address redacted>>; Oil and Gas Authority <<email address redacted>>  
**Subject:** RE: Query about Table 2.1 in GERS 2016-17

<<name redacted>>

Thanks you for your very speedy response.

I can't find the ONS series CPSB. Did you get it direct from ONS or is it lurking somewhere online?

I note that the change for total CT applied only from 2000 onwards, so I am surprised to see revisions to your North Sea CT series all the way back to 1998/99.

I also note that your "Licence Fees" series actually shows licence fees plus royalty (see attached).

All the best,  
<<name redacted>>

**From:** Scottish Government <<email address redacted>>  
**Sent:** 25 August 2017 9:41 AM  
**To:** Oil and Gas Authority <<email address redacted>>  
**Cc:** Oil and Gas Authority <<email address redacted>>; HMRC <<email address redacted>>; Scottish Government <<email address redacted>>;  
**Subject:** RE: Query about Table 2.1 in GERS 2016-17

Hi <<name redacted>>,

In previous years GERS used the HMRC data for North Sea corporation tax, but this year we used data directly from ONS (cdid CPSB), which is based on the accruals method. (This change is also reflected in onshore corporation tax.)

This article from the ONS

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/improvementstoaccrualsmethodologyforcorporationtaxbankcorporationtaxsurchargeandthebanklevy/2017>

explains the changes to corporation tax in general (this is also mentioned briefly in the GERS methodology document).

Regards

<<name redacted>>,

**From:** Oil and Gas Authority <<email address redacted>>  
**Sent:** 24 August 2017 19:30  
**To:** Scottish Government <<email address redacted>>  
**Cc:** HMRC <<email address redacted>>; Oil and Gas Authority <<email address redacted>>  
**Subject:** Query about Table 2.1 in GERS 2016-17

Why do the “North Sea corporation tax” figures in Table 2.1 of the spreadsheet linked to from <http://www.gov.scot/Topics/Statistics/Browse/Economy/GERS> not align to the “offshore” CT figures published by HMRC at <https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk>?

<<name redacted>>