

Final Outturn Report for the Scottish Budget for the year ended 31 March 2019

**Laid before the Scottish Parliament
by the Scottish Ministers
26 September 2019**

Purpose

1. The purpose of this report is to present a statement of final outturn for the financial year 2018-19 against the statutory limits authorised through the appropriate legislative processes by the Scottish Parliament.

Background

2. Building on the Scottish Government's 2018-19 Consolidated Accounts, this report summarises the financial outturn of the bodies within the Scottish Administration, to report against the statutory limits authorised by the Scottish Parliament.
3. This report also includes the outturn of other bodies funded directly from the Scottish Budget (Forestry Commission (Scotland), Scottish Parliamentary Corporate Body and Audit Scotland).

Scottish Budget approved by the Scottish Parliament

4. Within the Scottish Government's 2018-19 Consolidated Accounts, a final expenditure outturn of £36.1 billion against the budget of £36.9 billion resulted in an underspend of £778 million.
5. After including the figures for the other bodies included within the Scottish Administration boundary, there is a final expenditure outturn of £42.2 billion against the approved Parliamentary budget of £43.9 billion, resulting in an underspend of £1,740 million.
6. The inclusion of the Directly-funded bodies completes the picture, where the overall reported position for the total Scottish Budget in 2018-19 shows an expenditure outturn of £42.3 billion against the approved Parliamentary budget of £44.1 billion, resulting in an underspend of £1,743 million, which represents four per cent of total budget.
7. The majority of the underspend consists of non-cash items and is primarily due to an revised actuarial assessment of remedy costs for the McCloud/Sargeant age discrimination case between the final budget revision for NHS and Teachers Pension Schemes and the accounts preparation (£963 million) and adjustment to the opening balance of student loan book reflecting the cumulative movement in the loans' fair value (£255 million). Budget allocation for both items was authorised by the Scottish Parliament throughout the 2018-19 budget process.

Scottish Budget – HM Treasury

8. 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 2018-19 outturn position against HM Treasury controls, which is expected to be broadly in line with the provisional outturn position, will be confirmed with HM Treasury during December.
9. 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 caps that apply, but is able to carry forward some resources for use in a future years to match demand.

10. The Cabinet Secretary for Finance, Economy and Fair Work announced the Scottish Government's provisional financial outturn for financial year 2018-19 to the Parliament on 20 June. The provisional expenditure outturn is £32 billion against a fiscal budget of £32.5 billion, resulting in an overall fiscal variance of £449 million which is carried forward in full to 2019-20. The total of £449 million includes £148 million of Barnett consequentials funding provided very late in the financial year (this funding will be held within UK reserves and re-allocated to the Scottish Government in 2019-20), together with around £5 million of devolved taxes income above the original forecasts, £3 million in guarantee fees and other underspends that have emerged late in the year.
11. After accounting for additional consequentials, surplus devolved taxes receipts over forecast and fees for guarantees, the Cabinet Secretary reported that there was a remaining fiscal balance of £293 million representing less than one per cent of the fiscal cash budget carried forward in full through the Scotland Reserve, available to support the management of future budget volatility.
12. The provisional outturn variance for non-cash budgets is £142 million below budget. The non-cash budget variance represents differences between expected accounting adjustments and actual amounts and cannot be used to support general spending on public services.

Taxes, Borrowing and the Scotland Reserve.

13. The Fiscal Framework Outturn Report published by the Scottish Government on 26 September provides information in relation to Scottish Income Tax, fully devolved taxes, the use of borrowing powers and the operation of the Scotland Reserve¹.

Summary

14. The Scottish Government has again managed Scotland's finances effectively and this is acknowledged by the Auditor General within her report on the Audit of the Scottish Government's 2018-19 Consolidated Accounts.
15. 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.
16. Further details on the final 2018-19 figures are provided at Annex 1.

Gordon Wales
Chief Financial Officer
26 September 2019

¹ <http://www.gov.scot/ISBN/9781839601781>

2018-19 Final Outturn Figures	Final Outturn £million	Budget £million	Over / (Under) £million
Total SG Consolidated Accounts *	36,137.0	36,914.8	(777.8)
National Records of Scotland	34.1	35.7	(1.6)
Office of the Scottish Charity Regulator	2.9	3.0	(0.1)
Scottish Courts and Tribunals Service	131.7	128.3	3.4
Scottish Fiscal Commission	1.6	1.6	-
Revenue Scotland	7.4	7.8	(0.4)
Food Standards Scotland	16.8	16.8	-
Scottish Housing Regulator	4.2	4.7	(0.5)
NHS and Teachers' Pension Schemes	5,822.0	6,785.0	(963.0)
Total Scottish Administration	42,157.7	43,897.7	(1,740)
Directly-Funded Bodies			
Forestry Commission (Scotland)	68.4	69.2	(0.8)
Scottish Parliamentary Corporate Body	103.2	105.1	(1.9)
Audit Scotland	10.0	10.1	(0.1)
Total Scottish Budget	42,339.3	44,082.1	(1,742.8)

* Detailed financial information with a breakdown by ministerial portfolio, including variance explanations, is available within the published accounts².

² <http://www.gov.scot/ISBN/9781839601996>



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