



E: cfo@gov.scot

Richard Leonard, MSP
Convener
Public Audit Committee

By email: publicaudit.committee@Parliament.Scot

29 October 2024

Dear Mr Leonard

Scottish Public Sector Financial Reporting

I am writing in connection with the Committee's interest in additional financial reporting on the Scottish public sector: to update members on our progress and the approach now agreed with Audit Scotland, and to share and invite comments on a draft report that was discussed with Audit Scotland and is the basis for our proposed way forward.

We will be very happy to discuss this further as part of the Committee's consideration of the Scottish Government's Consolidated Accounts 2023-24¹ and the Auditor General's report on "The 2023/24 audit of the Scottish Government Consolidated Accounts".²

Background

At the Committee session on 18 January on the audit of the Scottish Government's Consolidated Accounts 2022-23, we talked about the revised approach we were discussing with Audit Scotland, to move from the production of additional accounts (which would come with accounting and audit requirements) to producing an additional financial report that would build a picture of useful financial information across the sectors.

We progressed our work on this "pilot" report with financial year 2022-23 information, to complement the reporting to Parliament on final outturn. Unfortunately, the 2022-23 Final Outturn Report³ was delayed due to the late reporting of some annual accounts. We shared our draft with Audit Scotland in May 2024. This was then discussed with Audit Scotland in September 2024. Positive engagement did allow the Auditor General to report in the annual audit report:

- I am pleased to report that progress has been made during 2023/24 in collating financial information across the Scottish public sector.

¹ [Financial reports and accounts - Government finance - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/financial-reports-and-accounts-2023-24/pages/introduction.aspx)

² [The 2023/24 audit of the Scottish Government Consolidated Accounts | Audit Scotland](https://www.audit-scotland.gov.uk/audit-scotland/the-2023-24-audit-of-the-scottish-government-consolidated-accounts)

³ [Scottish Budget 2022 to 2023: final outturn report - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-budget-2022-to-2023-final-outturn-report/pages/introduction.aspx)

- The Scottish Government has prepared financial information, based on 2022/23 assets and liabilities, to provide a more complete picture of the financial position associated with the financial powers and responsibilities devolved to the Scottish Parliament. They are engaging with interested parties, including Parliamentary committees, to gather insights on its usefulness as a basis for further development. Following completion of the 2023/24 public sector audit process, this financial information will be updated to provide timely insight on the assets and liabilities of the Scottish public sector.

Next Steps

I attach the “pilot” report which will be the basis for development of future reporting. Designed to complement the reporting on final outturn for the financial year, it draws together information on matters of specific interest, such as borrowing by Ministers and movements in the Scotland Reserve, and collates information from the annual accounts of public bodies to report balance sheet information in a way that is intended to help readers in providing a picture of the assets and liabilities across the public sector in Scotland. Annex A to this letter and the report itself provide more detailed explanation of the context and methodology.

I will just highlight that the pilot report covers the “stage 1” categories that we talked about previously, thereby giving a full overview of the “Scottish Budget” and it also includes a preliminary summary of “stage 2” information, bringing in the wider sector of public bodies and Local Authorities.

Our next step is to use this as the starting point for a 2023-24 equivalent. Annex A highlights the areas where information-gathering and presentation may be developed. Further views are invited on what might be useful information and analysis, including but not limited to the prompts for consideration set out in the Annex.

This letter is copied to the Convener of the Finance and Public Audit Committee which has also expressed an interest in this work. The material will also be shared via the Scottish Government website. I will be very happy to discuss any aspect of this with Members.

Your sincerely

JACKIE McALLISTER

Chief Financial Officer
Scottish Government

Scottish Public Sector Financial Reporting “Pilot” 2022-23 Report

This report:

- is intended to link the reporting on Financial Outturn and the Statement of Financial Position.
- develops a clearer picture of movements in the Scottish Reserve, on Borrowing by ministers and in respect of pension liabilities funded within the Scottish Budget.
- provides “balance sheet” information across the categories of public body funded within and by the Scottish Budget. This is provided by sector, moving out from the Scottish Government to include non ministerial and other public bodies and finally, bringing in the Local Government sector.
- is not a further set of consolidated accounts. It has been discussed with Audit Scotland that the value that would be derived from a full set of accounts would not reflect the efforts required to deliver it. There is value in collating and presenting Balance sheet information, showing where assets and liabilities lie, and, in time, providing trend analysis across financial years.
- is by no means a finished product in terms of presentation and format. It is a challenge to present complex tables of information in a report format. We will consider presentation and format for the next iteration.

Planned developments 2023-24

- now that the Scottish Government Consolidated Accounts 2023-24 are laid and published, data collection will proceed in line with the annual reporting of public bodies and submissions to UK WGA.
- the initial data analysis in respect of Local Government was a high level one, extracting information from annual accounts on a consistent basis. This will be developed to draw out, for example, borrowing by Local Authorities.

Questions for consideration/ Invitations to comment

- In relation to the reporting on financial outturn and the related reporting on Borrowing and the Scotland Reserve, this report duplicates some information made public in other financial reporting. This is fine if helpful to readers. It will be for consideration whether this report should complement or merge with the existing annual Final Outturn report.

- In relation to the Balance Sheet reporting, we are trying to balance complexity with readability. We are keen to hear views on the categorisation used and the depth of analysis provided.
- Are there categories of asset and liability where it would be helpful to have more detail?
- Does the sectoral analysis work? Where would more detail be useful?
- Are there elements which are not clear or where additional explanations would be useful (for example, in respect of pension schemes)?
- In parallel with this work, we will also consider whether there are other ways of holding and presenting this data.

Additional Report in Respect of the Scottish Budget 2022-23

As the Scottish Government assumes increasing fiscal responsibility, we must ensure we continue providing a clear picture of our financial position in any given year. . We are working to improve our financial reporting outputs, in tandem with the ongoing implementation of the Budget Process Review Group recommendations. As part of this process, I am pleased to introduce this new report, which will form an important, additional part of the reporting on the stewardship of the Scottish Budget as approved by the Scottish Parliament

This overview provides a summary for the financial year 2022-23 of the Revenue and Expenditure for the year and the Financial Position at 31 March 2023 of The Scottish Administration, and its associated bodies. The key driver for this report is to enable a clearer view of the financial position, i.e. of the assets and liabilities, at the reporting date. This report recognises interest in information which reports on spending, assets and liabilities related to the Scottish Budget.

This report supplements the suite of reporting which is produced for each financial year in accordance with the statutory requirements (a comprehensive list is provided with appropriate links for financial year 2022-23). It brings together the revenue-raising and spending elements of the Scottish Budget and provides a more complete picture of the financial position associated with the financial powers and responsibilities devolved to the Scottish Parliament.

This report is not a full set of annual accounts, which would have been a lengthy document repeating disclosures which are already in the component sets of accounts. Instead, the form and content are tailored to the purpose set out above. The reports are reviewed by Audit Scotland on behalf of the Auditor General, but a formal opinion is not issued.

This is the first time such a report has been produced and it is intended as a basis from which to develop information that users will find useful, while maintaining the integrity of the underlying audited accounts.

There is an acknowledged challenge in terms of timeliness. Further information can only be prepared when information is available for all relevant bodies, and the impact of the pandemic on financial reporting timelines continues, although work is being done and progress is being made to improve timeliness of reporting.

Your views are invited at ScottishPublicSectorAccounts@gov.scot

Jackie McAllister
Chief Financial Officer
29 October 2024

Contents

Background Information	4
Accountability	6
Information covered in the report	7
Methodology	9
How the Scottish Budget is funded and reported	11
Financial Reporting: Final Outturn	13
Scotland Reserve Note	15
Statement of Financial Position	18
Total Scottish Budget	
Scottish Budget Analysis	
Explanation and Analysis	
Borrowing by Scottish Ministers	23
Pension schemes Note	25
 Additional Wider reporting	
Summary Statements of Financial Position for the Scottish Budget, plus Public bodies and Local Authorities	26
Explanation and high level analysis	
 List of bodies included in these reports	Annex A

Background Information

1. There are several sources of funding to support the expenditure planned and approved by the Scottish Parliament through the Scottish Budget Act. These flow through the Scottish Consolidated Fund which was set up following devolution in 1999 and received its statutory powers under the Scotland Act 1998. A separate account is prepared each year reporting the payments into and out of the Scottish Consolidated Fund.
2. The primary receipts to the Scottish Consolidated Fund are: the “block grant” from HM Treasury; income tax revenues collected by HMRC from the earned income of Scottish Taxpayers assigned to the Scottish Administration (Scottish Income Tax); and receipts from the collection of devolved taxes.
3. The “block grant” from UK Government is allocated to the Secretary of State for Scotland through the approval of the UK Parliament, and forms part of the UK public expenditure control regime. This requires the Scottish Government to plan, monitor and report its spending against the control aggregates set by the UK Parliament and HM Treasury alongside those set by the Scottish Parliament
4. The Scotland Act 2016 empowered the Scottish Parliament to set Scottish Income Tax rates and bands. Identification of Scottish taxpayers and administering the tax are matters for the UK Government and His Majesty’s Revenue and Customs. Under devolved powers from the 2012 Scotland Act, Land and Buildings Transactions and Landfill Tax have been managed in Scotland. The block grant is adjusted to take account of these locally raised tax receipts.
5. Revenue Scotland was established by the Revenue Scotland and Tax Powers Act 2014 to administer and collect both fully devolved taxes. Revenue Scotland is responsible for preparing an account of the devolved taxes (The Devolved Taxes Account). The taxes collected by Revenue Scotland are paid to the Scottish Consolidated Fund

6. Funding is drawn down from the Scottish Consolidated Fund by the Scottish Administration and directly funded bodies to support the spending plans laid out in the Budget. Each of these bodies produces annual accounts.
7. A separate statement to Parliament brings together the Financial Outturn of the bodies within the Scottish Administration, together with the other bodies funded from the Scottish Budget, to report against the statutory limits authorised by the Scottish Parliament.
8. The Fiscal Framework Outturn Report is an annual report which provides information in relation to devolved taxes, the use of borrowing powers and the operation of the Scotland Reserve.

Accountability

9. The Scottish Government is accountable to the Scottish Parliament and the people in Scotland for its use of public money and this is reported in annual accounts, which are audited by or on behalf of the Auditor General for Scotland. The audited annual accounts produced by the Scottish Government and public bodies accountable to the Scottish Parliament fulfil the accounting and auditing requirements, are laid in Parliament and are publicly available.
10. A primary purpose of annual accounts produced in accordance with the Public Finance and Accountability (Scotland) Act 2000 ¹ is to report on the spending authorised by the annual Scottish Budget.
11. The annual Scottish Government Consolidated accounts are, therefore, one of a suite of reports reporting on the spend authorised by the annual Scottish Budget; separate annual accounts are produced in respect of the other elements of the Scottish Budget.
12. There is also an additional report to Parliament which brings together the separately reported elements of the Scottish Budget to report against the Budget authorisations for that financial year. The most recent report, published in May 2024, is in respect of financial year 2022-23².
13. This report builds on the reporting available from annual accounts to complement the outturn reporting in the Final Outturn report; primarily, therefore, showing the information from the Statements of Financial position or “balance sheet” in accounts, i.e. the assets and liabilities funded from and arising from the Scottish Budget.

¹ [Public Finance and Accountability \(Scotland\) Act 2000 \(legislation.gov.uk\)](https://legislation.gov.uk)

² [Scottish Budget 2022 to 2023: final outturn report - gov.scot \(www.gov.scot\)](https://www.gov.scot)

Information covered in this report

14. This overview provides financial summaries for the financial year 2022-23. Future iterations will be able to build reporting across financial years.
15. The first level is the Scottish Government Consolidated Accounts which reflect the consolidated assets and liabilities and the financial position of all entities within the Scottish Government consolidation accounting boundary as required by and defined in the Government Financial Reporting Manual (FReM). This consists of:
- Nine Scottish Government Portfolios
 - Eight Executive Agencies (each linked to a specific portfolio)
 - The Crown Office and Procurator Fiscal Service and
 - The NHS Bodies responsible for the planning, promotion, commissioning and delivery of healthcare.
16. This level includes the elimination of intra-body transactions and balances, and is prepared on a consistent set of accounting policies as specified in the consolidated accounts. [Consolidated Accounts: year ended 31 March 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions-and-statements/consolidated-accounts-year-ended-31-march-2023/)
17. The second level incorporates the activity and year end position of the Non-Ministerial Departments and the Pension Schemes within the Scottish Administration (more information regarding pensions can be found on page 25).
18. There has not been elimination of intra-body transactions at this level, but all financial statements will comply with the FReM.
19. The third level brings in the Direct Funded bodies: Audit Scotland and Scottish Parliamentary Corporate Body. This tier represents all the bodies falling within

the scope of the Scottish Budget Act and brings together activity supported through the Scottish Consolidated Fund including borrowing undertaken by the Scottish Ministers under the terms of the Scotland Act 2012 and amended by the Scotland Act 2016. In the following tables, this is “the Scottish Budget total”. Level three is the same as level two in terms of process.

20. A further section is provided to bring the Scottish Budget balance sheet information together with the balance sheet information of the Scottish public bodies who are funded via the Scottish Government:

- Executive NDPBs and public corporations
- Local Authorities (not directly accountable to the Scottish Parliament)

21. This provides a view of the assets and liabilities across the devolved public sector in Scotland.

22. No work has been undertaken to eliminate intra-body transactions at this level, and some accounting policies differ in some key valuation areas such as infrastructure assets and pension liabilities. This does not diminish the value of the analysis as it is intended to provide an insight and enable trends over time.

23. A full list of the bodies is provided at Annex A.

Methodology

24. For the Scottish Budget level reporting:

The information in this report has been collated from the audited accounts of the individual bodies.

The information from the individual annual accounts is collated to a uniform format to present an overall summary.

The balances in respect of the devolved pension schemes have been kept separate from the other assets and liabilities because these are ring-fenced and separately funded (this is explained in the separate note on page 22)

Each body is funded by “parliamentary funding” drawn down from the Scottish Consolidated Fund, which is in the Taxpayers’ Equity section of the Statement of Financial Position. This funding has not been removed as a “consolidation adjustment” but it has been matched to the funding drawn down from the Scottish Consolidated Fund.

The annual Scottish Consolidated Fund account is a cash account reflecting the flows into and out of the Scottish Consolidated Fund to fund the spending plans authorised in the annual Scottish Budget. The revenues from devolved taxes and the borrowing by Scottish Ministers flow into the fund and are drawn down as part of the drawdown of parliamentary funding by bodies.

This report reflects the amount of outstanding borrowing as a liability of Scottish Ministers at the level of the Scottish Budget.

25. For the wider sector high-level summary:

The Scottish Government does not hold annual accounting information centrally for these bodies. The accounts of executive NDPBs and public corporations follow a similar format and can be compiled relatively easily. The annual accounts of Local Authorities follow a very particular format for the sector but there is a read-across to consistent balance sheet categories at this high-level.

Executive NDPBs are funded by grant in aid from the Scottish Government and Local Authorities receive Revenue Support Grant and Non-Domestic Rates income from the Scottish Government. There may be other transactions between some of these bodies and those within the Scottish Budget level. It has been assumed that there are no significant balances at the year-end and no adjustments have been made to the assets and liabilities presented in this report.

26. The financial information collated to produce the summaries reported here is taken from final accounts which hold the data at the level of the individual bodies. This is too detailed to reproduce in a report but is useful information for further analysis of certain areas or in respect of certain sectors and there will be further consideration of how this data can be held and made available.

How the Scottish Budget is funded and reported

27. There are a number of sources of funding to support the expenditure planned and approved by the Scottish Parliament through the annual Scottish Budget Acts. These flow through the Scottish Consolidated Fund which was set up following devolution in 1999 and received its statutory powers under the Scotland Act 1998. A separate account is prepared each year reporting the payments into and out of the Scottish Consolidated Fund.
28. The primary receipts to the Scottish Consolidated Fund^[1] are:
 - the “block grant” from UK Government;
 - income tax revenues collected by HMRC from the earned income of Scottish Tax payers assigned to the Scottish Administration (Scottish Income Tax);
 - and
 - receipts from the collection of devolved taxes.
29. The “block grant” from UK Government is allocated to the Secretary of State for Scotland through the approval processes of the UK Parliament, and forms part of the UK public expenditure control regime. This requires the Scottish Government to plan, monitor and report its spending against the control aggregates set by the UK Parliament and HM Treasury alongside those set by the Scottish Parliament.
30. The Scotland Act 2016 empowered the Scottish Parliament to set Scottish Income Tax rates and bands. Identification of Scottish taxpayers and administering the tax are matters for the UK Government and His Majesty’s Revenue and Customs (HMRC).
31. Under devolved powers from the 2012 Scotland Act, Land and Buildings Transactions and Landfill Tax have been managed in Scotland. The block grant is adjusted to take account of these locally raised tax receipts.

32. Revenue Scotland was established by the Revenue Scotland and Tax Powers Act 2014 to administer and collect both fully devolved taxes. Revenue Scotland produces annual accounts of Revenue Scotland and is also responsible for preparing a separate account of the devolved taxes (The Devolved Taxes Account)^[2]. The taxes collected by Revenue Scotland are paid to the Scottish Consolidated Fund.
33. Funding is drawn down from the Scottish Consolidated Fund by the Scottish Administration and directly funded bodies to support the spending plans laid out in the Budget. Each of these bodies produces annual accounts. A separate statement to Parliament brings together the Financial Outturn of the bodies within the Scottish Administration, together with the other bodies funded from the Scottish Budget, to report against the statutory limits authorised by the Scottish Parliament.

^[1] [Government finance - gov.scot \(www.gov.scot\)](http://www.gov.scot)

^[2] [Annual Report and Accounts 2022-23 - Devolved Taxes Accounts | Revenue Scotland](#)

Financial Reporting: Final Outturn 2022-23³

The Final Outturn Report for 2022-23 reports against the Budget Act for the financial year:

2022-23 Scottish Government Consolidated Accounts	Final Outturn	Budget as at Spring Budget Revision	Over / (Under)
	£million	£million	£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)

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

³ [Final Outturn Report for the Scottish Budget 2022-2023 \(www.gov.scot\)](http://www.gov.scot)

35. Full details of the Scottish Government Consolidated Accounts underspends which make up the £509 million underspend are outlined in the Outturn statements within the Scottish Government Consolidated Accounts⁴
36. 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/overspends 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.
37. The Final Outturn report also reports against the HM Treasury budgetary limits to show the resultant position in respect of the Scotland Reserve. 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 in the report provides full details and an Annex shows the reconciliation from the Scottish Budget base to the HM Treasury basis).

⁴ [Consolidated Accounts: year ended 31 March 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/Consolidated-Accounts-year-ended-31-March-2023)

The Scotland Reserve

38. The Scotland Reserve, introduced by the Scotland Act 2016, is a mechanism within the Fiscal Framework that provides the Scottish Government limited ability to manage spending across financial years. It is not a balance within annual accounts but the balance on the Reserve and planned consumption of the Reserve to support spending plans are fully reported within annual Budget documentation and Fiscal Framework reporting.⁵
39. Chapter 3 of Scotland's Fiscal Outlook: The Scottish Government's Medium-Term Financial Strategy⁶ from May 2023 sets out the principles and policies that guide the use of the Scottish Government's fiscal powers, including the use of the Scotland Reserve. As part of the updated Fiscal Framework Review, the reserve drawdown limits of £250m for resource and £100m for capital have been abolished. The overall reserve limit of £700m is now indexed to inflation.
40. The Fiscal Framework Outturn Report 2023⁷ published by the Scottish Government on the 29 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 Final Outturn Report updates that position and explains the key movements between Provisional and Final Outturn.
41. The opening balance in the Scotland Reserve at the start of 2022-23 was £700 million. The closing balance on the Reserve for 2022-23 was anticipated as £245 million at Provisional Outturn in June 2023. As reported in the Final Outturn report the fiscal outturn was confirmed as £46.7 billion against a budget of £47.1 billion, resulting in an underspend of £326 million, just under 1% of the total budget and a movement of £82 million from the £245 million underspend reported in June 2023 in the Provisional Outturn Statement.

⁵ [Fiscal framework technical note: October 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fiscal-framework-technical-note-2023-10/pages/12.aspx)

⁶ [The Scottish Government's Medium-Term Financial Strategy - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/mftf/pages/12.aspx)

⁷ [Fiscal framework outturn report: 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fiscal-framework-outturn-report-2023/pages/12.aspx)

42. 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 for treatment of patients from other boards areas by Glasgow should be recorded (£68 million).

Scotland Reserve Forecast as at 2022-23 Provisional Outturn (£million)				
	Resource	Capital	Financial Transaction	Total
2022-23 Opening Balance	605	81	14	700
2022-23 Drawdowns	-605	-81	-14	-700
2022-23 Additions to reserve	181	25	39	245
2022-23 Closing Balance (Provisional)	181	25	39	245
Movement	69	7	5	81
Final Outturn	250	32	44	326

43. The £326 million underspend is carried forward in full in the Scotland Reserve.

44. The majority of this carry forward had already been pro-actively anticipated, and the final 2023-24 spending plans, approved by the Scottish Parliament reflected full drawdown of the balances brought forward. This included the £39 millions 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.

45. The following table shows the annual Reserve movements since 2019-20, with drawdowns in year to support spending plans and additions at the financial year end being the fiscal underspend which can be deposited in the Reserve. As mentioned above, the pension schemes fall under Annually Managed Expenditure (AME) budgets which are ring-fenced budgets set by HM Treasury. Any under/overspends 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.

T

Scotland Reserve	Resource	Capital	Fiscal Transactions	Total
	£million	£million	£million	£million
2019-20 Opening balance	381.1	65.3	158.6	605.0
2019-20 Drawdowns	-248.8	-60	-120	-428.8
2019-20 Additions	85.1	74.3	96.9	256.3
2019-20 Closing balance	217.4	79.6	135.5	432.5
2020-21 Opening balance	217.4	79.6	135.5	432.5
2020-21 Drawdowns	-170.6	-79.6	0	-250.2
2020-21 Additions	357.9	6.8	61.4	426.1
2020-21 Closing balance	404.7	6.8	196.9	608.4
2021-22 Opening balance	404.7	6.8	196.9	608.4
2021-22 Drawdowns	-404.7	-6.8	-196.9	-608.4
2021-22 Additions	605.0	81.0	14.0	700.0
2021-22 Closing balance	605.0	81.0	14.0	700.0
2022-23 Opening balance	605.0	81.0	14.0	700.0
2022-23 Drawdowns	-605.0	-81.0	-14.0	-700.0
2022-23 Additions	249.7	32.2	44.5	326.4
2022-23 Closing balance	249.7	32.2	44.5	326.4

Financial Reporting: Statements of Financial Position Scottish Budget

46. The Statement of Financial Position reflects assets held and liabilities arising from the exercise of devolved powers. For the Scottish Government, this means assets and liabilities arising from the spending plans which support policy choices. Assets are held not for their income generation capability or their inherent value but for their service potential or as a direct consequence of particular policies, for example providing healthcare in hospitals and the provision of funding to students in the form of loans. Similarly, liabilities arise as a consequence of the timing of commitments relating to spending and policy choices and in respect of borrowing by Scottish Ministers to fund spending plans.
47. This report summarises what is “owned and owed” by the Scottish Government. The table on page 17 provide balance sheet information for the Total Scottish Budget. This is supplemented by an analysis of the movements in Taxpayers Equity which reports parliamentary funding and a note demonstrating the read across from the resource outturn in the accounts, plus capital outturn to give the total outturn reported on page 10.
48. This table is then expanded on page 19 to show the elements within the Scottish Budget as described in the introductory section – i.e. the Scottish Consolidated Accounts, the NHS and Teachers Pensions Schemes, Non-Ministerial Departments and Direct Funded bodies. At the Scottish Budget level, with the significant exception of the devolved pension schemes administered by SPPA, the majority of these are those reported within the Scottish Government Consolidated Accounts. Detailed financial and narrative information on the major assets and liabilities, for example the road network, is available in the accounts and related reports of the relevant body - Transport Scotland. This report signposts where the more detailed information can be found.
49. A more detailed note on borrowing by Scottish Ministers, and a note on pension scheme liabilities follows.

**Consolidated Statement of Financial Position
as at 31 March 2023**

**Total Scottish Budget
£000s**

Non-Current Assets

Property Plant and Equipment	39,266,085
Right of Use Assets	603,561
Intangible Assets	482,084
Other Non-Current Assets	13,046,252
Total Non-Current Assets	53,397,982

Current Assets, other than pension assets	2,116,865
---	-----------

Pension scheme contributions due within one year	254,800
--	---------

Total Assets	55,769,647
---------------------	-------------------

Current Liabilities, other than pension scheme liabilities	-5,169,306
--	------------

Current Liabilities, pensions schemes	-87,700
---------------------------------------	---------

Total Assets less Current Liabilities	50,600,341
--	-------------------

Net Pension Scheme Liabilities	-85,994,514
--------------------------------	-------------

Other Non-Current Liabilities	-4,712,970
-------------------------------	------------

Net Assets	-40,107,143
------------	-------------

Borrowing by Scottish Ministers	-2,026,381
---------------------------------	------------

-42,133,524

Taxpayers' Equity

Capital Loan	1,328
--------------	-------

General Fund	-57,875,589
--------------	-------------

Net liability from Scottish Consolidated Accounts balances	-2,026,381
--	------------

Revaluation Reserve	17,761,418
---------------------	------------

Pension Reserve	5,700
-----------------	-------

Total	-42,133,524
--------------	--------------------

Analysis of taxpayer's equity	Total Scottish Budget £'000
Opening balance on taxpayers' equity	-110,071,142
Net resource outturn	-55,260,989
Net gain/loss on revaluation	74,614,823
Total Comprehensive Expenditure	19,353,834
Non-cash charges	28,392
Other reserve movements	49,894
Funding: parliamentary	49,819,670
less funding to pension schemes	-105,000
Net Parliamentary draw down	49,658,589
Movement on balance with SCF	642,000
Net funding position	50,177,000
Balance per Statement of Financial Position	-40,107,144
Borrowing	-2,026,381
	-42,133,525
Outturn as per final outturn report and agreed to published accounts	
Resource Outturn as per accounts	55,260,989
Capital outturn	2,086,743
Total Outturn	57,347,732

	SG Consolidated Group	NHS and Teachers pension schemes	Other Scottish Administration	Total Scottish Administration	Total Direct Funded Bodies	Total Scottish Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Consolidated Statement of Financial Position						
as at 31 March 2023						
Property Plant and Equipment	38,294,000		591,386	38,885,386	380,699	39,266,085
Right of Use Assets	539,000		63,385	602,385	1,176	603,561
Intangible Assets	443,000		38,776	481,776	308	482,084
Other Non-Current Assets	13,045,000		852	13,045,852	400	13,046,252
Total Non-Current Assets	52,321,000		694,399	53,015,399	382,583	53,397,982
Current Assets, other than pension assets	2,062,000		45,537	2,107,537	9,328	2,116,865
Pension scheme contributions due within one year		254,800		254,800		254,800
Total Assets	54,383,000	254,800	739,936	55,377,736	391,911	55,769,647
Current Liabilities, other than pension scheme liabilities	-4,978,000		-86,057	-5,064,057	-17,549	-5,169,306
Current liabilities, pensions schemes		-87,700		-87,700		-87,700
Total Assets less Current Liabilities	49,405,000	167,100	653,879	50,225,979	374,362	50,600,341
Net Pension Scheme Liabilities		-86,000,000		-86,000,000	5,700	-85,994,514
Other Non-Current Liabilities	-4,585,000	-59,600	-65,833	-4,710,433	-2,751	-4,712,970
Net Assets	44,820,000	-85,892,500	588,046	-40,484,454	377,311	-40,107,143
Borrowing by Scottish Ministers						-2,026,381
Total Net assets after borrowing						-42,133,524
Taxpayers' Equity						
Capital Loan	0	0	1,328	1,328	0	1,328
General Fund	27,493,000	-85,892,500	334,500	-58,065,000	189,411	-57,875,589
Net liability from Scottish Consolidated Accounts balances						-2,026,381
Revaluation Reserve	17,327,000	0	252,218	17,579,218	182,200	17,761,418
Pension Reserve	0	0	0	0	5,700	5,700
Total Taxpayers' Equity	44,820,000	-85,892,500	588,046	-40,484,454	377,311	-42,133,524

	SG Consolidated Group £000s	NHS and Teachers pension schemes £000s	Other Scottish Administration £000s	Total Scottish Administration £000s	Total Direct Funded Bodies £000s	Total Scottish Budget £000s
Analysis of taxpayer's equity						
Opening balance on taxpayers' equity	37,574,000	-148,498,90	557,612	-110,367,288	296,146	-110,071,142
Net resource outturn	-47,707,000	-7,141,000	-270,141	-55,118,141	-142,848	-55,260,989
Net gain/loss on revaluation	4,588,000	69,946,600	7,544	74,542,144	72,679	74,614,823
Total Comprehensive Expenditure	-43,119,000	62,805,600	-262,597	19,424,003	-70,169	19,353,834
Non-cash charges	-2,000		492	-1,508	29,900	28,392
Other reserve movements	50,000		-106	49,894		49,894
Funding: parliamentary less funding to pension schemes	49,640,000 -105,000	-199,200	257,436	49,698,236 -105,000	121,434	49,819,670 -105,000
Net Parliamentary draw down	49,535,000		2,155	49,537,155	121,434	49,658,589
Movement on balance with SCF	642,000			642,000		642,000
Net funding position	50,177,000			50,177,000		50,177,000
Balance per Statement of Financial Position	44,820,000	-85,892,500	588,045	-40,484,455	377,311	-40,107,144
Borrowing						-2,026,381
						-42,133,525
Outturn as per final outturn report and agreed to published accounts						
Resource Outturn as per accounts	47,707,000	7,141,000	270,141	55,118,141	142,848	55,260,989
Capital outturn	2,060,000	0	25,440	2,085,440	1,303	2,086,743
Total Outturn	49,767,000	7,141,000	295,581	57,203,581	144,151	57,347,732

Borrowing by Scottish Ministers

50. Under section 32 of the Scotland Act 2012, as amended by Scotland Act 2016 section 20, additional borrowing powers were conferred on Scottish Ministers with effect from 1 April 2015. The first sums borrowed from the National Loans Fund under these powers were received by the Scottish Consolidated Fund in 2017-18. A summary of the borrowing position is set out as follows:

At 31 March 2023	Principal £'000	Accrued Interest £'000	Total £'000
At 1 April 2022	1,815,295	2,703	1,817,998
New borrowing	347,000	-	347,000
Interest incurred	-	20,983	20,983
Repayments	(139,282)	(20,319)	(159,601)
At 31 March 2023	2,023,014	3,367	2,026,381

At 31 March 2022	Principal £'000	Accrued Interest £'000	Total £'000
At 1 April 2021	1,426,690	2,153	1,428,843
New borrowing	469,000	-	469,000
Interest incurred	-	15,180	15,180
Repayments	(80,395)	(14,630)	(95,025)
At 31 March 2022	1,815,295	2,703	1,817,998

51. The repayment of borrowing is scheduled as follows:

At 31 March 2023	Principal £'000	Interest £'000	Total £'000
Less than 1 year	186,977	29,750	216,727
1 – 5 years	726,942	99,965	826,907
More than 5 years	1,109,095	137,031	1,246,126
TOTAL	2,023,014	266,746	2,289,760

At 31 March 2022	Principal £'000	Interest £'000	Total £'000
Less than 1 year	139,282	20,318	159,600
1 – 5 years	690,171	66,779	756,950
More than 5 years	985,843	103,286	1,089,129
TOTAL	1,426,690	165,924	1,592,614

52. Details of loans taken out are as follows:

At 31 March 2023

Financial year	Category	Term (years)	Amount borrowed	Amount outstanding
			Principal	Principal
			£'000	£'000
2017-18	Capital	25	450,000	413,957
2018-19	Capital	10	250,000	213,993
2019-20	Capital	20	200,000	190,559
2019-20	Capital	25	190,000	186,454
2019-20	Capital	25	15,000	14,727
2020-21	Capital	25	150,000	150,000
2020-21	Resource	5	207,000	207,000
2020-21	Capital	25	50,000	50,000
2021-22	Capital	20	150,000	150,000
2021-22	Resource	5	319,000	319,000
2022-23	Capital	15	300,000	300,000
2022-23	Resource	5	47,000	47,000
TOTAL			2,328,000	2,023,014

53. Capital borrowing funds the capital programme as a whole and is not attributed to individual assets or individual bodies.

54. More details on Scottish Government borrowing can be found in the Fiscal Framework Outturn⁸ Report most recently published in September 2023.

⁸ [Fiscal framework outturn report: 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fiscal-framework-outturn-reports/2023-2024/pages/2023-2024-fiscal-framework-outturn-report.aspx)

Pension Schemes and Pension Liabilities

55. These accounts only include pension schemes which are administered within devolved competence and do not include the operation of the state pension in Scotland, or in respect of the pension arrangements of civil servants in Scotland (which are covered by the Principal Civil Service Pension Scheme). There is no estimate of liability for pensions of Scottish civil servants who are members of the UK civil service pension scheme because there is no actuarial valuation available.

56. The Scottish Administration includes the devolved pension schemes administered by the Scottish Public Pensions Agency (SPPA):

- the NHS Pension Scheme (Scotland)
- the Scottish Teachers' Pension Scheme (STPS)

57. The NHS and Teachers' Pension Schemes are statutory defined benefit schemes and, as reflected in the summary table, the scheme accounts record significant provisions for future pension liabilities, based on full actuarial valuations. The schemes are unfunded, and there are no investments to match the pension liabilities. The pension liability is the net present value of pensions which have been earned to date but will be paid in future years.

58. The funding to meet pension payments as they fall due under the schemes' regulations is from a ring-fenced budget Annually Managed Expenditure (AME) budget set by HM Treasury. These budgets are not available for general public services and any underspend compared to budget is not available for the Scottish Budget or Scotland Reserve.

Additional “wider” Reporting

59. This section brings the Scottish Budget balance sheet information together with the balance sheet information of the Scottish public bodies who are funded via the Scottish Government:

- Executive NDPBs and public corporations
- Local Authorities (not directly accountable to the Scottish Parliament)

60. This provides a view of the assets and liabilities across the devolved public sector in Scotland. There are some technical matters to note:

- there are some key differences in Local Authority accounting: IFRS 16 on leases has not yet been adopted (the absence of any right of use assets) and the accounting policy for roads is not consistent with the SG policy for the road network.
- Local Authority accounts follow a different format, and some pertinent detail is lost on converting to the Scottish Government format. More work is required to show analysis of borrowing and of reserves.

	Total Scottish Budget £000s	Exec NDPBs and other £000s	Public corps £000s	Local Authorities £000s	Total £000s
Consolidated Statement of Financial Position					
as at 31 March 2023					
Property Plant and Equipment	39,266,085	2,870,459	7,566,078	52,623,934	102,326,566
Right of Use Assets	603,561	183,736	30,804		818,101
Intangible Assets	482,084	54,032	21,500	114,506	672,122
Other Non-Current Assets	13,046,252	1,917,324	691,615	4,960,002	20,615,193
Total Non-Current Assets	53,397,982	5,025,551	8,309,997	57,698,442	124,431,972
Current Assets, other than pension assets	2,116,865	1,529,079	1,695,433	4,303,579	9,644,956
Pension scheme contributions due within one year	254,800				254,800
Total Assets	55,769,647	6,554,630	10,005,430	62,002,021	134,331,728
Current Liabilities, other than pension scheme liabilities	-5,169,306	-814,728	-713,998	-6,117,657	-12,815,689
Total Assets less Current Liabilities	50,600,341	5,739,902	9,291,432	55,884,364	121,428,339
Net Pension Scheme Liabilities	-85,994,514	-16,504,267		-714,077	-103,212,858
Other Non-Current Liabilities	-4,712,970	-1,047,171	-1,884,479	-17,736,117	-25,380,737
Net Assets	-40,107,143	-11,811,536	7,406,953	37,434,170	-7,165,256
Borrowing by Scottish Ministers	-2,026,381				-2,026,381
Total Net assets/ liabilities after borrowing	-42,133,524	-11,811,536	7,406,953	37,434,170	9,103,937
Taxpayers' Equity					
Capital Loan	1,328				1,328
General Fund	-57,875,589	2,648,968		2,855,176	-54,106,614
Other Reserve		761,125	7,315,884	14,383,087	22,427,270
Net liability from Scottish Consolidated Accounts balances	-2,026,381				-2,026,381
Revaluation Reserve	17,761,418	994,216	91,069	18,693,213	37,128,690
Pension Reserve	5,700	-16,215,845		1,502,694	1,577,330
Total Taxpayers' Equity	-42,133,524	-11,811,536	7,406,953	37,434,170	9,103,937

List of Bodies Within this summary

Bodies within the Budget Act

Scottish Government

Core portfolios

Executive Agencies

Scottish Public Pensions Agency
Accountant in Bankruptcy
Disclosure Scotland
Education Scotland
Student Awards Agency Scotland
Scottish Prison Service
Social Security Scotland
Transport Scotland
Scottish Forestry

Other bodies

Crown Office and Procurator Fiscal
The NHS bodies in Scotland
NHS pension scheme
Scottish Teachers Pension Scheme

Non Ministerial Departments

Registers of Scotland
Scottish Courts and Tribunal Service
National Records of Scotland
Revenue Scotland
Food Standards Scotland
Office of Scottish Charity Regulator
Scottish Fiscal Commission
Scottish Housing Regulator
Environmental Standards Scotland

Direct Funded bodies

Scottish Parliamentary Corporate Body
Audit Scotland

Executive NDPBs

Architecture and Design Scotland
Bòrd na Gàidhlig

Cairngorms National Park Authority
Care Inspectorate
Children's Hearings Scotland
Community Justice Scotland
Creative Scotland
Crofting Commission
David MacBrayne Ltd
Ferguson Marine (Port Glasgow) Holdings Ltd
Highlands and Islands Airports
Highlands and Islands Enterprise
Historic Environment Scotland
Loch Lomond and The Trossachs National Park Authority
National Galleries of Scotland
National Library of Scotland
National Museums Scotland
NatureScot
Police Investigations and Review Commissioner
Quality Meat Scotland
Redress Scotland
Risk Management Authority
Royal Botanic Garden Edinburgh
Scottish Canals
Scottish Children's Reporter Administration
Scottish Criminal Cases Review Commission
Scottish Enterprise
Scottish Environment Protection Agency
Scottish Fire and Rescue
Scottish Funding Council
Scottish Futures Trust
Scottish Land Commission
Scottish Legal Aid Board
Scottish Legal Complaints Commission
Scottish National Investment Bank
Scottish Police Authority
Scottish Qualification Authority
Scottish Social Services Council
Skills Development Scotland
South of Scotland Enterprise
Sport Scotland
VisitScotland
Water Industry Commission for Scotland

Public Corporations

Caledonian Maritime Assets Ltd
Crown Estate Scotland
Glasgow Prestwick Airport
Scottish Water

Local Authorities

Aberdeen City Council
Aberdeenshire Council
Angus Council
Argyll and Bute Council
City of Edinburgh Council
Clackmannanshire Council
Comhairle nan Eilan Siar
Dumfries and Galloway Council
Dundee City Council
East Ayrshire Council
East Dunbartonshire Council
East Lothian Council
East Renfrewshire Council
Falkirk Council
Fife Council
Glasgow City Council
Inverclyde Council
Midlothian Council
North Ayrshire Council
North Lanarkshire Council
Orkney Island Council
Perth and Kinross Council
Renfrewshire Council
Scottish Borders Council
Shetlands Islands Council
South Ayrshire Council
South Lanarkshire Council
Stirling Council
The Highland Council
The Moray Council
West Dunbartonshire Council
West Lothian Council