

Deputy First Minister  
and Cabinet Secretary for Finance, Constitution and Economy  
John Swinney MSP



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Kenneth Gibson MSP  
Convenor, Finance Committee  
The Scottish Parliament  
Edinburgh  
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16 December 2015

Dear Kenneth,

**FINAL OUTURN REPORT FOR THE SCOTTISH ADMINISTRATION FOR THE YEAR ENDED 31 MARCH 2015**

In accordance with the approach I have adopted in previous years, I am writing to provide the Finance Committee with a copy of the above Report which will be laid on Wednesday 16 December.

The Scottish Parliament agreed to amend the budget rules, with effect from financial year 2010-11, in order to operate a single budget control total for the Scottish Administration.

The move to a single budget control total for the Scottish Administration provides greater flexibility in managing budgets in-year. The Scottish Government is permitted to exceed individual totals but must remain within the overall budget approved by the Scottish Parliament for the Scottish Administration.

In light of the amendment to the Budget Act, the Scottish Government must ensure that the total approved budget for the Scottish Administration is not exceeded. Accordingly, in the interests of full transparency it is our view that the position, based on final audited accounts, should be reported to the Scottish Parliament.

As recorded in the Report, we maintain high levels of transparency through this process with the Budget Act detailing budgets for each of the purposes of the Scottish Administration and the Budget Supporting Documents providing full details of budget proposals in line with best practice.

A separate letter has been sent to the Convenor of the Public Audit Committee.

**JOHN SWINNEY**



# **Final Outturn Report for the Scottish Administration for the year ended 31 March 2015**

**Laid before the Scottish Parliament  
By the Scottish Ministers  
16 December 2015**

**SG/2015/252**

## **Purpose**

1. The purpose of this Report is to present a statement of total outturn for the financial year 2014-15 against the final budget for the Scottish Administration as approved by the Scottish Parliament.

## **Background**

2. With the agreement of the Scottish Parliament, budget rules were amended with effect from financial year 2010-11, in order to operate a single budget control total for the Scottish Administration.
3. There is no loss of transparency through this process with the Budget Act detailing budgets for each of the purposes of the Scottish Administration and the Budget Supporting Documents providing full details of budget proposals in line with best practice.
4. The move to a single budget control total for the Scottish Administration provides greater flexibility in managing budgets in-year. The Scottish Government is permitted to exceed individual totals but must remain within the overall budget approved by the Scottish Parliament for the Scottish Administration.

## **Final Outturn Report for the year ended 31 March 2015**

5. This amendment to the Budget Act requires the Scottish Government to ensure that the total approved budget for the Scottish Administration is not exceeded. In the interests of full transparency it is our view that the position, based on final audited accounts, should be reported to the Scottish Parliament.
6. As reported in The Scottish Government Consolidated Accounts for the year ended 31 March 2015, an underspend of £347 million is recorded which represents 1.1 per cent of the Parliamentary budget for the Scottish Government.
7. The NHS and Teachers' Pension Schemes recorded an underspend of £21 million against an approved Parliamentary budget of £3.6 billion for the Pension Schemes. The Pension Schemes are classed as Annually Managed Expenditure.
8. Finally, after including other minor movements, the overall position for the bodies within the Scottish Administration family is an underspend of £370 million against the approved Parliamentary budget of £36,737 million which represents 1 per cent of the budget.
9. The budget approved by the Scottish Parliament is set on a different basis from the Scottish HM Treasury budget controls. The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy provided provisional outturn figures against the HM Treasury budget controls in June and will confirm the final position with the Chief Secretary to the Treasury in January 2016.

10. As notified to the Parliament in June, the cash underspend for 2014-15 is around £200 million and this is carried into the current financial year as planned. This funding is already factored into the 2015-16 budget plans approved by the Scottish Parliament in February so is therefore not available for redeployment.
11. The balance of the reported underspend relates to 'non-cash' budgets which, due to HM Treasury budgeting rules, cannot be spent on goods and services as this funding is provided specifically to meet the differences in non-cash accounting estimates in areas such as the depreciation of assets.
12. The Scottish Government's approach means that budgets are carefully managed across more than one year with some funding carried forward into the next year where needed. This approach represents sensible budgeting reflecting fluctuations in cost and demand across the spending review period and ensures there is no loss of spending power in Scotland.
13. A summary of the 2014-15 variances is provided for information at Annex 1.

**Scottish Government Finance Directorate**  
**16 December 2015**

## 2014-15 Summary of Variances

<b>Portfolio</b>	<b>Approved Budget £million</b>	<b>Annual Accounts Outturn £million</b>	<b>Over / (Under) £million</b>
Health, Wellbeing and Sport	12,355	12,341	(14)
Social Justice, Communities and Pensioners' Rights	11,274	11,223	(51)
Education and Lifelong Learning	2,804	2,732	(72)
Justice	2,573	2,585	12
Infrastructure, Investment and Cities	2,252	2,031	(221)
Finance, Constitution and Economy	537	524	(13)
Rural Affairs, Food and the Environment	463	479	16
Fair Work, Skills and Training	252	252	-
Administration	199	198	(1)
Culture, Europe and External Affairs	194	191	(3)
Crown Office and Procurator Fiscal Service	113	113	-
<b>Scottish Government Consolidated Accounts</b>	<b>33,016</b>	<b>32,669</b>	<b>(347)</b>
NHS and Teachers' Pension Schemes	3,617	3,596	(21)
Scottish Court Service	75	75	-
National Records of Scotland	20	19	(1)
Scottish Housing Regulator	5	5	-
Office of the Scottish Charity Regulator	3	3	-
Roundings	1	-	(1)
<b>Total Scottish Administration</b>	<b>36,737</b>	<b>36,367</b>	<b>(370)</b>