



Scotland Office
and
Office of the Advocate General for Scotland

Annual Report
2005



This is part of a series of departmental reports which, along with the Main Estimates, the document Public Expenditure: Statistical Analyses 2005, and the Supply Estimates 2005-06: Supplementary Budgetary Information, present the Government's expenditure plans for 2005-2008.

If you have any general comments or queries about this report, please forward them to Ian Allen, Head of Business Support at the Scotland Office, 1 Melville Crescent, Edinburgh EH3 7HW (Tel: 0131-244-9050 or e-mail at ian.allen@scotland.gov.uk). Further information can also be obtained at our website: www.scottishsecretary.gov.uk.



Scotland Office
and
Office of the Advocate General
for Scotland

Annual Report 2005

Presented to Parliament by the Secretary of State for Scotland
and by the Chief Secretary to the Treasury
by Command of Her Majesty

June 2005

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Foreword by the Secretary of State for Scotland

This is my second report on the work of the Scotland Office and the Office of the Advocate General for Scotland. It sets out what we have done over the last year and our plans for the future.

During 2004-05, the Office worked with the Scottish Executive and UK Government departments, to ensure that Scotland's interests were taken fully into account in the development of policy. Of particular note were the Civil Partnerships Act, with significant Scottish elements and the Railways Act, which provided Scottish Ministers with new powers over rail infrastructure in Scotland, complementing their existing powers over rail services.

The completion of the Scottish Parliament (Constituencies) Act 2004 removed the statutory link between Westminster and Holyrood boundaries, thereby securing the retention of 129 members of the Scottish Parliament when the number of MPs was reduced as required by devolution. As a result the Scottish Parliament can continue to function effectively, while Westminster representation has been established in proper proportion to the rest of the UK. Concerns regarding the number of voting systems and constituency boundaries are being considered by the Arbuthnott Commission which I expect to report by December 2005. I also plan to transfer the activities of the Boundary Commission for Scotland to the Electoral Commission. This continues our consolidation and streamlining of functions connected with the administration of electoral matters.

We maintained close links with major business and representative bodies in Scotland, and will obviously continue with this work in the coming year. In particular the early part of 2005 saw an increasing engagement with Scottish NGOs in the field of international development, as part of the government's determination to use the G8 summit as a springboard for substantive progress towards the eradication of poverty.

The Office of the Advocate General has seen a significant increase in work in some areas over the last year and this is expected to continue. The Advocate General will continue to act independently as a UK Law Officer in the House of Lords.

The devolution settlement is now embedded in the political landscape and continues to mature. The Scotland Office work ensures its stability by developing the partnership between the devolved authorities and the United Kingdom Government.

A handwritten signature in black ink, appearing to read 'Alistair Darling'.

**The Rt Hon Alistair Darling MP.
Secretary of State for Scotland**

Chapter 1: Organisation and Forward Objectives

Introduction

- 1.1** The devolution settlement for Scotland, a major element of the Government's programme of constitutional reform, was implemented within two years of the General Election in 1997. The White Paper *Scotland's Parliament* set out the proposed approach, which received popular support in the referendum in September 1997. The legislative framework was contained in the Scotland Act 1998, and non-statutory arrangements were further set out in the:
- 1 Memorandum of Understanding and Concordats which govern relations between the Government and the devolved administration;
 - 1 *Statement of Funding Policy* which sets out the financial basis for funding the devolved administrations; and
 - 1 Devolution guidance notes to UK Departments.
- 1.2** The devolution settlement has established a partnership of Parliaments in which the Government and the Scottish Executive are responsible for different, but complementary, areas of policy. The UK Parliament remains sovereign, but the Government has indicated that it will not normally seek to promote legislation at Westminster in relation to devolved matters without the consent of the Scottish Parliament ("Sewel motion").

Department for Constitutional Affairs

- 1.3** In June 2003, staff of the Scotland Office and the Office of the Advocate General for Scotland became part of the Department for Constitutional Affairs (DCA).
- 1.4** The Scotland Office and the Office of the Advocate General for Scotland are distinct and separate entities within the DCA. They are part of the DCA for a range of staff, finance and management matters but report directly to their respective Ministers. The costs of the Offices as well as the provision for the expenditure of the devolved authorities in Scotland form a separate, ring-fenced, element of the DCA estimate. Policy responsibility for payment of the grant to the Scottish Executive remains with the Secretary of State for Scotland.

1.5 Although the Offices are separate entities within the DCA, they still work closely together and share a range of common services on matters such as finance, IT, accommodation and human resources. This Annual Report covers the work of both Offices for the year.

Scotland Office

Aim The aim of the Scotland Office is to give the Secretary of State for Scotland the best possible support in promoting the devolution settlement and in representing Scottish interests within the UK Government.

Functions

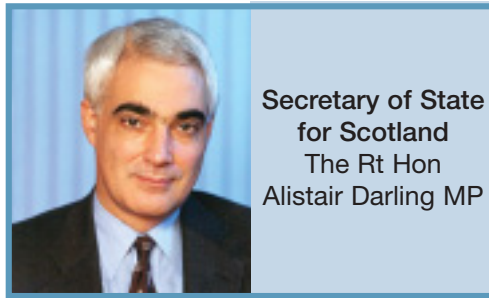
1.6 The primary functions of the Scotland Office are:

- 1 to promote the devolution settlement for Scotland;
- 1 to continue to represent Scottish interests within the UK Government on matters reserved to the UK Parliament;
- 1 to exercise certain residual functions in reserved areas, notably under the Scotland Act 1998, but also in relation to elections and private legislation; and
- 1 to pay grant to the Scottish Consolidated Fund.

1.7 For devolved matters, the Scottish Executive carries out executive functions which were the responsibility of the Secretary of State for Scotland before 1 July 1999; and is accountable to the Scottish Parliament which is able to make legislation for Scotland. The Scotland Office works closely with the Scottish Executive to ensure that the devolution settlement operates effectively.

Ministers

1.8 The Secretary of State for Scotland is responsible for representing the interests of Scotland within the UK Government on matters reserved to the UK Parliament. The Rt Hon Alistair Darling MP was appointed Secretary of State on 12 June 2003. He was assisted by the Parliamentary Under-Secretary of State for Scotland, Anne McGuire MP, who was appointed to the Scotland Office on 29 May 2002 and to the Department for Constitutional Affairs on 12 June 2003. Following the general election in May 2005, David Cairns MP was appointed Parliamentary Under-Secretary from 10 May 2005.



1.9 The Secretary of State retains overall responsibility for the operation of the Scotland Office and represents Scottish interests at Cabinet level. The Parliamentary Under-Secretary of State is responsible for maintaining close working relations with the Scottish Executive, for liaison with the Scottish Parliament and deputises for the Secretary of State.

1.10 The Scotland Office spokesperson in the House of Lords is Lord Evans of Temple Guiting CBE.

Divisional Responsibilities

1.11 The Scotland Office is organised into two policy divisions (Parliamentary and Constitutional, and Briefing Services) and a Finance and Administration Division as shown in Figure 1; Figure 2 gives the range of issues covered by the policy divisions.

Figure 1: Scotland Office Organisation

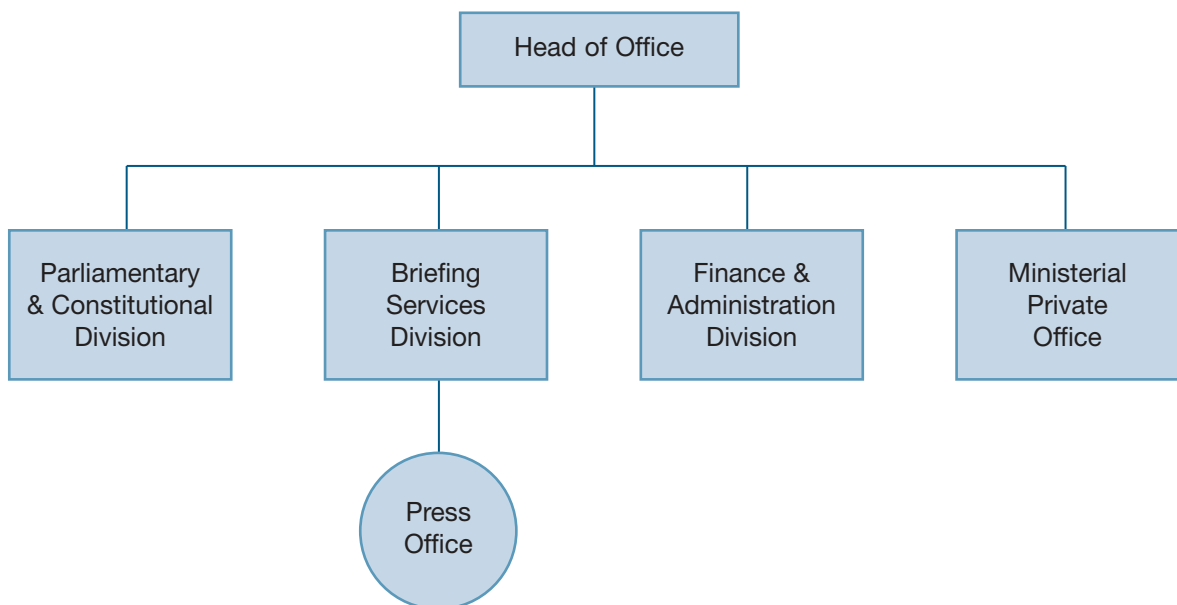


Figure 2: Policy Divisions and Their Responsibilities

| Parliamentary & Constitutional | Briefing Services |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Liaison with Parliamentary Committees; Operation of the devolution settlement; UK interest in the Scottish Parliament legislative programme; UK legislative programme; EU matters affecting Scotland; Scotland Office interest in contingency planning; Scotland Office representational activities; Scotland Office interest in foreign and defence matters. | Economic policy; Fiscal policy; Barnett formula; Trade, industry and enterprise; Relations with all key business sectors in Scotland (for example, finance, manufacturing, whisky and spirits); Energy; Social welfare; Antipoverty strategies; Transport; Welfare to work; Equal opportunities; Broadcasting and telecommunications; Justice/legal issues; Ethical health issues; Benefits administration; Refugees and asylum seekers; International development; Conduct and funding of parliamentary elections and the franchise; Sponsorship of the Boundary Commission for Scotland; Sponsorship of the Commission on Boundary Differences and Voting Systems in Scotland; Regulation; Freedom of Information. |

Staffing

1.12 The number of staff in post in the Scotland Office at 31 March 2005 was 57¹; Figure 3 shows the breakdown.

Figure 3: Number of Staff in the Scotland Office at 31 March 2005 by Administrative Group

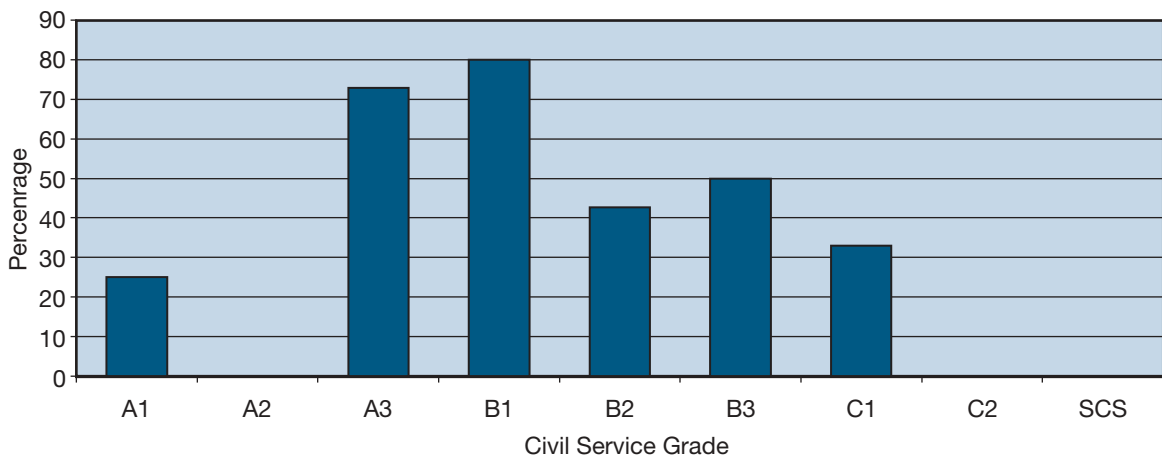
| | |
|-------------------------------------------|-----------|
| Head of Office and support staff | 2 |
| Briefing Services Division | 18 |
| Press Office | 3 |
| Finance and Administration Division | 13 |
| Ministerial Private Office | 6 |
| Parliamentary and Constitutional Division | 12 |
| Special Adviser | 1 |
| UK Parliamentary Draftsman | 2 |
| Total | 57 |

¹ This includes 51 full-time and 6 part-time staff

Women

1.13 Women make up 47% of staff in the Scotland Office and are represented in most grades. The graph below shows the percentage of women in each grade.

Figure 4: Women in the Scotland Office at 31 March 2005 by grade



Senior Civil Service Salaries

1.14 In line with the Government's commitment, the Scotland Office is publishing details of the salaries of senior civil servants in the Office.

Figure 5: Senior Civil Service Salaries as at 31 March 2005

| Annual Salary | Number of Staff |
|---------------------|-----------------|
| Under £55,000 | - |
| £55,000 – £59,999 | - |
| £60,000 – £64,999 | 1 |
| £65,000 – £69,999 | - |
| £70,000 – £74,999 | - |
| £75,000 – £79,999 | - |
| £80,000 – £84,999 | - |
| £85,000 – £89,999 | - |
| £90,000 – £94,999 | - |
| £95,000 – £99,999 | - |
| £100,000 – £104,999 | 1 |
| £105,000 – £109,999 | 1 |

Premises

1.15 The Office has its headquarters at Dover House in Whitehall, London and also occupies leased premises in Melville Crescent in Edinburgh.

Other Bodies

The Boundary Commission for Scotland

1.16 The Scotland Office funds the Boundary Commission for Scotland. The Commission has a statutory duty to keep under review the parliamentary constituencies in Scotland and to conduct a general review between eight and twelve years from the date of the report of its last general review.

The Commission on Boundary Differences and Voting Systems in Scotland

1.17 In July 2004, the Secretary of State set up an independent Commission, under the Chairmanship of Professor Sir John Arbuthnott, to look at the potential impact of constituency boundary differences and also the consequences of having, from 2007, four different voting systems for elections in Scotland. Issues on which the Commission has been asked to make recommendations include the pattern of electoral boundaries in Scotland; arrangements between elected representatives to provide the best service to constituents; and the method of voting in Scottish Parliament elections.

1.18 The Commission aims to report to the Secretary of State by the end of 2005. It launched a public consultation on boundaries, voting and representation in Scotland on 18 January, 2005. Further details on the Commission and its inquiry can be found on its website at www.arbuthnottcommission.gov.uk

Objectives for 2005-06

1.19 Details of the Scotland Office objectives for 2004-05 and performance against them are set out in Chapter 2. The Office has adopted the following objectives for 2005-06:

| | |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objective 1 | To maintain the stability of the devolution settlement by developing the partnership between the devolved administration in Scotland and the United Kingdom Government and contributing to informed public discussion. |
| Objective 2 | To carry out the statutory responsibilities of the Secretary of State, including the payment of grant to the Scottish Consolidated Fund, the preparation of any necessary statutory instruments under the Scotland Act 1998, promotion of legislation as required on electoral matters and administrative arrangements for the conduct of parliamentary elections in Scotland. |
| Objective 3 | To advise UK Departments about distinctive Scottish interests in relation to reserved matters and to act as an effective channel of communication for Scottish opinion on such matters. |

Future Strategy

1.20 The Scotland Office will continue to pursue its objectives in the interests of the people of Scotland. The Office operates over a very wide field of policy, exercising influence, identifying and resolving potential difficulties, promoting understanding and good relationships, and undertaking a range of statutory and other responsibilities.

1.21 Specific areas of activity over the next twelve months will include:

Economic, Home and Social Policy Matters

1.22 Devolution means that reserved and devolved policies relating to economic and industrial matters are particularly closely interlinked. It is essential that United Kingdom Government policies take account of any distinctive needs or aspects that relate to Scotland and that UK Government Departments take proper account of devolved powers and competencies. It is equally important that key industrial and economic interests in Scotland are informed of reserved policies that have a direct effect on their activities. The Scotland Office has a crucial role in fostering and maintaining these communications between the Scottish Executive, Scottish business interests and the UK Government. To achieve this, we will maintain close links with the principal business representative organisations in Scotland, as well as liaising directly with bodies representing specific sectors, such as whisky, finance or manufacturing and where appropriate, individual companies. We will also continue to contribute to joint working between Whitehall Departments, the Scottish Executive and Scottish business interests in areas such as business regulation.

1.23 The Office will advise Ministers on major economic trends in Scotland particularly where these are directly influenced by UK Government economic policy, including Budget 2005 measures. We will provide support for the Pre-Budget Report Seminar to be held before the Budget 2006. There will

be regular contact with employer and trade union interests so that the Secretary of State can exercise his role as the Scottish voice in Cabinet on matters of reserved policy. We will maintain close links with all key stakeholders in the Scottish economy in both the private and public sectors. We will also continue to contribute to joint working between Whitehall Departments, the Scottish Executive and Scottish business interests. The Office provides secretariat support to the Scottish Euro Preparations Committee, chaired by the Secretary of State.

- 1.24** Close and active liaison on energy matters will remain a priority area for work with Whitehall and Scottish Executive Departments. The Scotland Office will continue to be involved in the Sustainable Energy Policy Network carrying forward the themes of the Government's 2003 Energy White Paper; in oil and gas issues where a Scotland Office Minister is a member of the PILOT group bringing together Government and representatives of the Industry, including operators, suppliers and trade unions; and in developments affecting the electricity industry following the introduction of British Electricity Trading and Transmissions Arrangements (BETTA) from April 2005. The Office will engage with the relevant Whitehall and SE policy makers on a range of transport issues and Scottish aspects of transport legislation at Westminster.
- 1.25** We will continue to keep fully abreast of reserved policy developments in Whitehall which might have a significant impact upon Scotland. These will include, in the year ahead, progress on the Equality Bill which was published in March 2005 and which would create a Commission for Equality and Human Rights, an Electoral Administration and Reform Bill and the implementation of various EU Directives on employment matters where there is an inter-mingling of reserved and devolved policy issues.
- 1.26** The Arbuthnott Commission on Boundary Differences and Voting Systems is expected to report by the end of December 2005. The Secretary of State will consider their report and recommendations with the First Minister and Whitehall colleagues before reaching a view on the case for legislative or other action.
- 1.27** In the course of 2005-06, we will also be planning the transfer to the Electoral Commission of the existing functions of the Boundary Commission for Scotland. This arrangement has been provided for in the Political Parties, Elections and Referendums Act 2000. It forms part of the consolidation and streamlining of functions connected with the administration and conduct of electoral matters. The target date at present for transfer of responsibility is 1 April 2006.
- 1.28** The Secretary of State will continue to exercise his statutory responsibilities under the Communications Act 2003 in relation to Gaelic broadcasting. The Scotland Office will remain fully engaged with the development of policy on the setting up of a digital channel for Gaelic medium programmes, in consultation with the Department for Culture, Media and Sport and the Scottish Executive.

Any such developments will take into account the outcome of the Government's review of the BBC Charter plus the relevant consultation exercises led by the Office of Communications (Ofcom) on the future of Public Service Broadcasting.

- 1.29** As a separate and distinct entity within the Department for Constitutional Affairs, the Scotland Office discharges responsibilities for handling requests made under the Freedom of Information Act 2000. In particular, the Scotland Office has responsibility for considering requests in respect of pre-devolution information that may be retained within the files of the former Scottish Office where such information is related to reserved policy areas in terms of the Scotland Act.

Constitutional Issues

- 1.30** The Secretary of State is responsible for the Scottish devolution settlement. The Office will therefore address issues that arise in managing the settlement. In particular, the Office is responsible within the Government for the management of the "Sewel Convention" and works closely with officials in the Government and the Scottish Executive in providing advice and ensuring that the Government adheres to its obligations under the Convention. The Office works closely with a range of contacts across Whitehall and the Executive to ensure that devolution issues in the UK and Scottish legislative programmes are addressed.
- 1.31** The Office is also responsible for secondary legislation using powers contained in the Scotland Act. For the most part these consist of relatively minor changes at the boundary of reserved and devolved responsibilities in order to ensure its continued effective management. Orders under the Scotland Act involve extensive discussion with policy Departments, the Office of the Solicitor to the Advocate General and the Scottish Executive.

Developing the Partnership

- 1.32** The Scotland Office works to develop the partnership between the Government and the Scottish Executive. This improves knowledge of the devolution settlement and enhances the quality of government across the UK. The Office provides advice and training to UK Departments and works closely with the Executive to ensure the dissemination of knowledge about Government practices and procedures.

Contingencies

- 1.33** The Scotland Office helps to ensure that the Government's contingency planning takes account of Scottish needs. In doing so, it maintains close contact with the relevant Whitehall Departments and the Scottish Executive. The Scotland Office is also regularly involved in specific emergency exercises.

Other Policy Issues

1.34 The Scotland Office maintains a close interest in all other topical policy issues involving the exercise of reserved and devolved responsibilities.

Office of the Advocate General for Scotland

1.35 The Office of the Advocate General for Scotland comprises the Office of the Solicitor to the Advocate General and the Legal Secretariat to the Advocate General, which also includes the Ministerial Private Office. Support services, such as financial accounting, are provided by the Scotland Office.

Aim The aim of the Office of the Advocate General for Scotland is to provide the best possible support to the Advocate General in carrying out her statutory and Law Officer functions and to provide or ensure the provision of effective and responsive Scottish legal services and advice to the United Kingdom Government.

Functions

1.36 The primary functions of the Office are:

- 1 To provide an efficient and responsive legal service to client UK Departments for day to day business;
- 1 To continue to establish the Office as an effective and respected source of advice to UK Departments in relation to Scots Law generally and devolution issues arising under the Scotland Act; and
- 1 To provide effective support to the Advocate General and her Legal Secretariat and, in particular, to enable her to carry out effectively her statutory functions under the Scotland Act, her functions in relation to the Human Rights Act and her functions as a UK Law Officer.

Advocate General for Scotland

1.37 The Advocate General for Scotland, Dr Lynda Clark QC, was appointed on 20 May 1999. Dr Clark is a Law Officer of the Crown and is the chief legal adviser to the United Kingdom Government on matters of Scots Law.



Advocate General
for Scotland
Dr Lynda Clark QC

1.38 The Advocate General has an advisory role as a UK Law Officer and has statutory functions under the Scotland Act 1998. She is responsible to Parliament for the work of her Legal Secretariat and for overseeing the provision by the Office of the Solicitor to the Advocate General of litigation and advisory services in Scotland to UK Departments and Agencies.

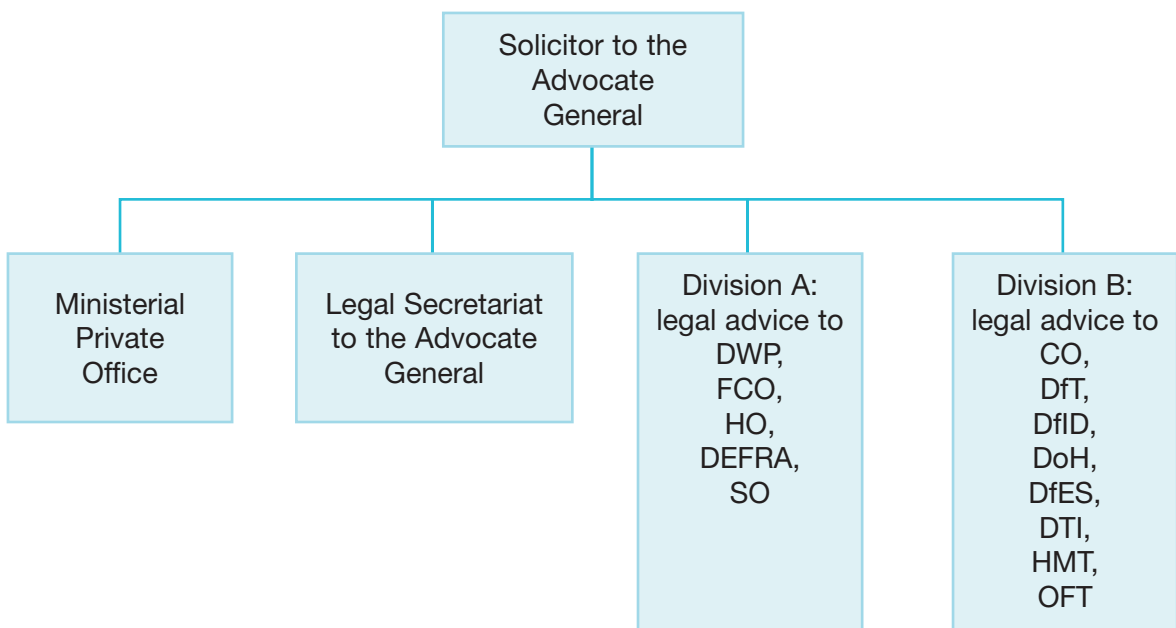
Office of the Solicitor to the Advocate General

1.39 The Office of the Solicitor to the Advocate General (OSAG) was established in 1999 to provide or to ensure the provision by others, of legal services in Scotland to United Kingdom Government Departments. The Office provides legal advice in relation to Scots Law, instructs UK legislation applying to Scotland and represents Departments in litigation in the Scottish courts. The Office also provides support to the Advocate General in carrying out her statutory functions under the Scotland Act.

Legal Secretariat to the Advocate General

1.40 The Legal Secretariat provides support to the Advocate General in relation to her functions as a UK Law Officer. In that regard, the Advocate General acts with the Attorney General and the Solicitor General for England and Wales in the provision of legal advice to the Government. Many of the problems referred to the Law Officers by Government Departments relate to Great Britain, or to the United Kingdom as a whole. In any event, the Advocate General advises on the law as it applies to Scotland.

Figure 6: Organisation of the Office of the Advocate General



Staffing

1.41 The number of staff in post in the Office on 31 March 2005 was 29²; Figure 7 shows the breakdown.

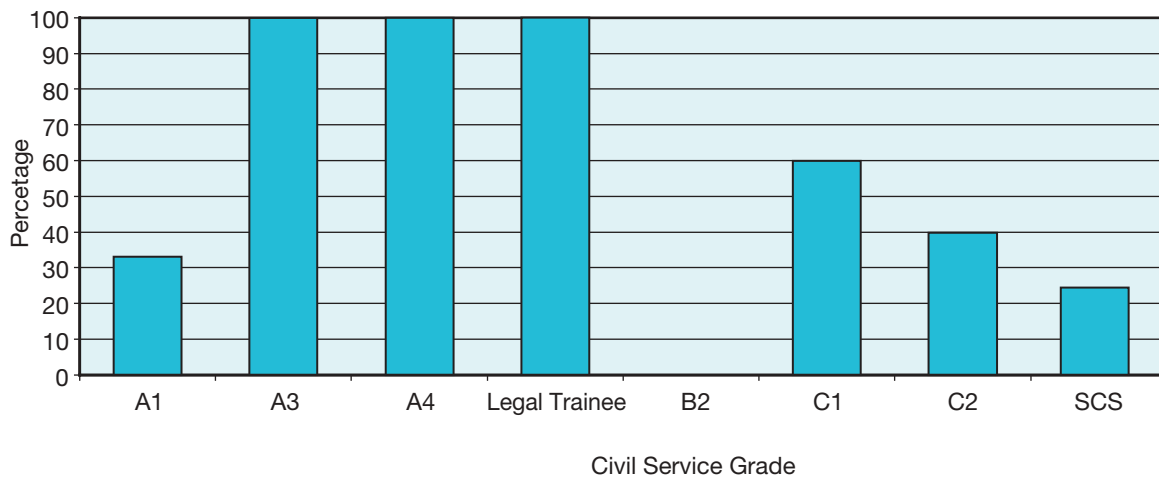
Figure 7: Number of Staff in Office of the Advocate General at 31 March 2005 by Administrative Group

| | |
|-------------------------------------------------|-----------|
| Ministerial Private Office | 2 |
| Legal Secretariat to the Advocate General | 4 |
| Office of the Solicitor to the Advocate General | 23 |
| Total | 29 |

Women

1.42 Women make up 55% of staff in the Office of the Advocate General and are strongly represented in most grades. The graph below shows the percentage of women staff in each grade.

Figure 8: Women in the Office of the Advocate General at 31 March 2005 by grade



Senior Civil Service Salaries

1.43 In line with the Government's commitment, the Office is publishing details of the salaries of senior civil servants in the Office.

² This includes 28 full-time and 1 part-time member of staff

Figure 9: Senior Civil Service Salaries as at 31 March 2005

| Annual Salary | Number of Staff |
|-------------------|-----------------|
| Under £55,000 | - |
| £55,000 – £59,999 | 1 |
| £60,000 – £64,999 | 1 |
| £65,000 – £69,999 | - |
| £70,000 – £74,999 | 1 |
| £75,000 – £79,999 | - |
| £80,000 – £84,999 | 1 |

Premises

1.44 The Legal Secretariat and the Private Office are located at the Advocate General’s headquarters in Dover House, Whitehall. They also share accommodation with the Scotland Office at Melville Crescent, Edinburgh. The Office of the Solicitor to the Advocate General shares accommodation with the Scottish Executive at Victoria Quay in Leith, Edinburgh.

Objective for 2005-06

1.45 Details of the Office of the Advocate General’s objective for 2004-05 and performance against it is set out in Chapter 2. The Office has adopted the following objective for 2005-06:

| | |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objective | Providing legal advice and services relating to Scots Law and the Scottish devolution settlement to UK Government Departments and supporting the Advocate General for Scotland in her statutory functions under the Scotland Act and in relation to her functions as a UK Law Officer. |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Future Strategy

Office of the Solicitor to the Advocate General

1.46 The Office of the Solicitor to the Advocate General will continue to provide an efficient and responsive legal service to United Kingdom Departments in relation to litigation in Scotland and legislation affecting Scotland, and to give effective legal advice in relation to Scots Law generally. It will also work

to ensure that the Advocate General receives effective support in carrying out her statutory functions under the Scotland Act and her functions in relation to the Human Rights Act.

Legal Secretariat to the Advocate General

- 1.47** The Legal Secretariat to the Advocate General, including her Private Office, will continue to provide an efficient and responsive legal and administrative service to the Advocate General in supporting her in the performance of her functions as a UK Law Officer.

Chapter 2: Performance

Meeting our 2004-05 Objectives

Scotland Office

2.1 Our objectives for 2004-05 and our progress in achieving them were:

Objective 1: Maintaining the stability of the devolution settlement by improving public understanding and confidence in it and by developing the partnership between the devolved authorities and the United Kingdom Government.

2.2 This objective has been delivered through Ministers' accountability to Parliament, through engagement with other parts of government and through our external activities. Ministers have put forward the Government's position on a range of issues relating to the Scottish devolution settlement in written and oral PQs and in evidence to the Scottish Affairs Select Committee. Ministers and officials have worked with other Government Departments and the Scottish Executive to improve understanding of the devolution settlement both generally and in the context of specific policy issues. We have provided training on devolution matters to courses for civil servants provided by the Centre for Management and Policy Studies (CMPS). Externally, the Scotland Office has participated in conferences relating to devolution and has promoted devolution in Ministerial speeches and articles. Ministers have also hosted or supported a number of events designed to promote Scottish interests at Dover House, London and Melville Crescent, Edinburgh and support a range of non-profit making Scottish organisations.

Objective 2: Carrying out the statutory responsibilities of the Secretary of State, including paying grant to the Scottish Consolidated Fund, making any necessary Statutory Instruments under the Scotland Act 1998, carrying through any legislation relating to the conduct and funding of parliamentary elections in Scotland and considering any reports from the Boundary Commission for Scotland.

Statutory Instruments

2.3 Secondary legislation under the Scotland Act 1998 is essential to the implementation, occasional amendment and management of the devolution settlement. The Scotland Office works with Whitehall Departments and the Scottish Executive to facilitate policy and legal agreement to these Orders and

manages their Parliamentary consideration at Westminster. Scotland Office Ministers usually lead on the debates on Scotland Act Orders in both Houses of Parliament; a list of the Orders made in 2004-05 is contained in Annex 4.

Developing the Partnership

2.4 A major part of the Scotland Office's work is to ensure good working relations between Whitehall and the Scottish Executive and to ensure that Scottish and devolved elements are taken into account in the development and management of policy and legislation. Most of this work is carried out behind the scenes, including in Cabinet and in Cabinet Sub-Committees on which Scotland Office Ministers are represented as necessary. The Parliamentary Under Secretary of State led for the Government on the Scottish and Northern Irish provisions of the Civil Partnership Bill during its passage through the House of Commons. Officials and Ministers seek to anticipate issues and resolve them before they become problems. There are good bilateral relationships with the Scottish Executive at all levels.

Paying the Grant

2.5 Government funding for the Scottish Executive's budget is prescribed by the United Kingdom Parliament. The Secretary of State makes the grant each year to the Scottish Consolidated Fund to meet expenditure by the Scottish Parliament and the Scottish Executive. The grant made in 2004-05 was £19.068 billion.

Elections

2.6 As the Secretary of State has a statutory role on various electoral matters affecting Scotland, the Office is involved in a range of policy and planning forums.

2.7 Scotland Office officials were members of the DCA-led planning group for the European elections which ensured that all legislation, funding and other arrangements were in place for the successful conduct of the European Parliamentary Elections in June 2004. An equivalent grouping in Scotland was convened and chaired by the Scotland Office. Scotland Office estimated and secured funding for the election in Scotland and made the necessary payments to the Regional Returning Officer and all Local Returning Officers in time for effective conduct of the election process.

2.8 The Department for Constitutional Affairs set up, with Scotland Office representation, a planning group for the General Election held in May 2005. The Scotland Office held a meeting of electoral administrators, the Electoral Commission and other interests to ensure that all legislation, funding and other arrangements were in place for the successful conduct of the General Election in Scotland.

- 2.9** The Secretary of State for Scotland made an Order designating the Returning Officer for those UK Parliamentary constituencies which cross local government areas. This applied to the May 2005 General Election which was on the basis of the revised Parliamentary constituency boundaries promulgated by the Order in Council mentioned in paragraph 2.13 below.
- 2.10** Scotland Office officials also liaised with DCA and Office of the Deputy Prime Minister (ODPM) on the Government's response to the Electoral Commission's "Delivering Democracy" and "Voting for Change" reports and continue as full members of the Electoral Modernisation Project Board which is jointly chaired by DCA and ODPM.
- 2.11** Officials also meet quarterly with officials from the political parties in Scotland at the Political Parties Panel facilitated by the Electoral Commission.

Boundary Commission for Scotland

- 2.12** The Boundary Commission submitted to the Secretary of State a report of its fifth periodic review on 30 November 2004. The Scotland Act 1998 required the Commission to review the Parliamentary boundaries in Scotland using the same electoral quota as for constituencies in England. As a result of this, the Commission recommended 59 new constituencies in place of the existing 72. The Secretary of State laid a draft Order in Council before Parliament on 14 December implementing in full and without modifications the recommendations in the Commission's report.
- 2.13** The draft Order was considered and approved by the House of Commons on 25 January 2005 and by the House of Lords on 1 February 2005. It was then made by the Privy Council on 9 February 2005 and came into effect the following day. The boundary changes implemented by the new Order affect only constituencies for elections to the Westminster Parliament as the Scottish Parliament (Constituencies) Act 2004 provides for retention of the existing numbers of MSPs at Holyrood.

Objective 3: Advising UK departments about distinctive Scottish interests in relation to reserved matters and acting as an effective channel of communication for Scottish opinion on such matters.

Scottish interests

- 2.14** Scotland Office officials have membership of the Inter-Departmental Working Group which is shadowing the Women and Work Commission. They attend the quarterly meetings of the Department for Work and Pensions (DWP) Partnership against Poverty as well as the Inter-Departmental Working Group

on the UN Convention on Disabled People which discusses the UK's position in relation to the Convention. The Office has been closely involved in determining policies on equality and human rights and has liaised with Whitehall and the Scottish Executive on social policy issues including the Civil Partnership Bill, the Gambling Bill, and the Children Bill.

Asylum and Immigration Issues

- 2.15** The Office continues to work closely with the Home Office and the Scottish Executive on the implications for a range of statutory, voluntary and other services involved in the dispersal process which is currently limited to the Glasgow City Council area.
- 2.16** Scotland Office officials have regular meetings with representatives of the National Asylum Support Service about operation of the dispersal programme.

Communications Act 2003

- 2.17** The Secretary of State for Scotland has exercised his statutory approval power in relation to recommendations from the Office of Communications (OFCOM) for membership of the Board of the Gaelic Media Service (GMS). GMS has been set up under the Act to administer the funding and planning of Gaelic broadcasting in Scotland.
- 2.18** The Office has maintained an interest in the work of the regulator for telecommunications and broadcasting, OFCOM. The Scotland Office also maintains close contact with the Scottish Executive on aspects of the Gaelic Television Fund for which the Executive has responsibility.
- 2.19** In terms of the Communications Act, OFCOM is required to support a number of statutory committees and the Scotland Office has been actively involved in the appointment processes for the Scottish members of the content board and consumer panel.

Freedom of Information

- 2.20** The Office concluded work in preparation for the implementation of the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002. The Office was involved in agreeing a protocol governing ownership and possession of the pre-devolution records of the former Scottish Office. In addition, the Scotland Office agreed practical arrangements with the Scottish Executive for the management of those records.

Scottish Parliament (Constituencies) Act 2004

2.21 In November 2003, the Secretary of State introduced the Scottish Parliament (Constituencies) Bill into the House of Commons. The purpose of the Bill was to remove the statutory link between Westminster and Holyrood constituency boundaries in order to preserve the current number of 129 MSPs at Holyrood. The Bill became law in July 2004, including a provision which removed the statutory obligation upon the Boundary Commission to review the regional boundaries for the list constituencies to the Scottish Parliament.

Commission on Boundary Differences and Voting Systems

2.22 The Commission launched a consultation paper on key issues arising from its remit on 18 January 2005 with a 3 month period for comment. Copies can be accessed at www.arbuthnottcommission.gov.uk

2.23 The Commission is expected to submit its report to the Secretary of State by the end December 2005.

Civil Contingencies

2.24 The Scotland Office is closely involved in the Government's work in the field of emergency planning. Scotland Office Ministers and officials take part in the relevant Cabinet Committees and inter-departmental official committees and in emergency exercises from time to time. The Office also maintains close contact with the Scottish Executive on aspects of emergency management for which the Executive has responsibility. We have maintained an interest in the implementation of the Civil Contingencies Act 2004, since the Act makes provision for Scotland.

Economic and Industrial Policy

2.25 The Scotland Office has maintained its close links with both the major business representative organisations in Scotland, specific sectoral bodies and individual companies. Officials and Ministers in the Scotland Office also contribute to initiatives that link Scottish business interests with the UK Government as well as with the Scottish Executive and regulatory bodies: thus reflecting the mix of devolved and reserved policies that relate to the Scottish Economy.

2.26 The Scotland Office has also worked to ensure the continuing role of Westminster is recognised by the Scottish business community. With the Scottish Parliament creating unprecedented levels of access to policymakers, the Scotland Office has facilitated a number of events where

key Cabinet Ministers have engaged with Scottish business interests. These have included the Secretary of State hosting a number of engagements that facilitated a dialogue between members of the Cabinet and Scottish business, Non-Governmental Organisations (NGOs) and trade union representatives. Some of these events have included the Prime Minister, the Chancellor of the Exchequer and the Chief Secretary to the Treasury.

Energy

2.27 The White Paper, “*Our Energy Future – Creating a low carbon economy*”, published in February 2003, set out a long-term perspective for energy policy, looking ahead to 2050 and identifying what should be achieved by 2010 and 2020. Scotland Office Ministers and officials continue active involvement in the follow-up work of scoping and planning implementation of the policy strands set out in the White Paper. The major forum for this is participation in the Sustainable Energy Policy Network alongside a range of UK Departments and the devolved administrations.

2.28 The main aspects of energy policy and related arrangements for competition and regulation of UK energy markets are reserved. Devolved responsibilities in Scotland include promotion of renewable energy sources and energy efficiency. In addition, devolved policies on planning, environmental protection, fostering enterprise and a skilled workforce, influence delivery of energy policy in Scotland. Energy industries are themselves central components of the Scottish economy. Close working relationships at all levels involving the Scottish Executive, Whitehall Departments and those directly involved in the energy industries are vital and the Scotland Office helps facilitate and encourage such contact.

2.29 During 2004-05 areas of activity for Scotland office have included:

- 1 The new British Electricity Trading and Transmission Arrangements (BETTA) brought in with the single GB-wide electricity market from April 2005 which will ensure greater competition to the benefit of Scottish consumers.
- 1 The impact of electricity market regulations on the prospects of renewable energy developments in the more remote areas of Scotland.
- 1 Implementation of aspects of the Energy Act 2004, including preparations for executive devolution to Scottish Ministers of consent powers for renewable energy developments in waters around Scotland beyond the 12-mile limit of the Territorial sea.
- 1 The restructuring of British Energy plc and relocation of their HQ from East Kilbride to Livingston.

2.30 Other areas of activity for the Scotland Office during 2004-05 have included:

- 1 regular discussions with DTI, the Office of Gas and Electricity Markets (OFGEM), Scottish Executive and electricity companies on aspects of how BETTA should be applied to deliver intended benefits in expanding the use of renewable energy sources and greater competition in the supply of electricity to consumers in Scotland; and
- 1 the decision by British Energy to relocate their HQ from East Kilbride to Livingston.

Transport

2.31 Many transport responsibilities in Scotland are devolved to the Executive but important aspects with particular impact on Scotland are reserved. The reserved aspects include the infrastructure of the railway network through the work of the Strategic Rail Authority and Network Rail, provision for air, rail and maritime safety and EU legislation regulating transport or the provision of state aids for essential transport services. The Office maintained links with the Department for Transport, the Scottish Executive and others on how reserved policy decisions may affect Scotland. During 2004, legislation was brought forward by the Department for Transport which significantly will extend the powers which Scottish Executive Ministers exercise over rail infrastructure in Scotland. The Scotland Office was associated with aspects of the preparation of the legislation and the then Parliamentary Under-Secretary of State, Anne McGuire, served on the Commons Standing Committee considering the Railways Bill 2004.

Office of the Advocate General for Scotland

Objective: Providing legal advice and services relating to Scots law and the Scottish devolution settlement to UK Government Departments and supporting the Advocate General for Scotland in her statutory functions under the Scotland Act and in relation to her functions as a UK Law Officer.

2.32 During 2004-05, the Office of the Solicitor to the Advocate General (OSAG) provided legal services to other Government Departments, including general legal advice, work on primary and subordinate legislation and civil litigation. During that period, the Legal Secretariat to the Advocate General (LSAG) provided the Advocate General with support in the performance of her functions as a UK Law Officer.

General Legal Advice

2.33 OSAG's range of legal services includes the provision of general legal advice on Scots Law and advising UK Departments and Agencies on the Scots Law aspects of the operation of the reserved law for which they are responsible. The Office had a key role in advising on the devolution aspects of UK Government policies, and on the implications for UK Departments of proposals by the Scottish Executive and also of Bills introduced into the Scottish Parliament by Members, Committees, and by private promoters. OSAG provided a wide range of advice to many Departments, including the Home Office, the Department for Work and Pensions, the Department for Constitutional Affairs, the Department for International Development, the Treasury, the Department for the Environment, Food and Rural Affairs, the Department of Trade and Industry and the Department for Transport. It also advised agencies and other organisations including the Patent Office, the Registrar of Companies, the Office of Fair Trading and the Competition Commission. The Office supplied regular advice to the Scotland Office on such matters as elections, electoral boundaries, betting and gaming, firearms and emergency powers.

Primary and Subordinate Legislation

2.34 OSAG instructs the Scottish Parliamentary Counsel (UK) in the drafting of provisions for Scotland in Bills before the UK Parliament and drafts subordinate legislation on behalf of the UK Departments. The Office was responsible for the Scottish Parliament (Constituencies) Act 2004 and had a significant involvement in the passage of the Civil Partnership Act 2004, the Energy Act 2004, the Health Protection Agency Act 2004 and the Constitutional Reform Bill.

2.35 A full list of UK Government Bills that were introduced in the relevant period and which OSAG was involved in instructing is included at Annex 5. So far as subordinate legislation is concerned, OSAG was responsible for the drafting of the Scottish Parliament (Constituencies) Order 2005 and of all the Scotland Act Orders listed in Annex 4 and contributed to the preparation of a wide range of secondary legislation prepared by UK Departments, for example, the Competition Appeal Tribunal (Amendment and Communication Act Appeals) Rules 2004 (SI 2004/2068), the Employment Tribunals (Constitution and Rules of Procedure) Regulations 2004 (SI 2004/1861).

Support to the Advocate General

2.36 OSAG is responsible for advising the Advocate General with respect to her functions under the Scotland Act 1998 in relation to the assessment of the legislative competence of Bills introduced into the Scottish Parliament, and in relation to her powers to intervene in devolution issues under Schedule 6 to that Act. A list of the Scottish Parliament Bills scrutinised during 2004-05 is given in Annex 6. OSAG continued to support the Advocate General in her investigative role in the inquiry at Aberdeen Sheriff Court into the sinking of the fishing vessel Trident in 1974.

Litigation

2.37 During 2004-05, 658 Devolution minutes were intimated; an increase of 73% over the previous year.

2.38 Immigration litigation is a major area of work for OSAG. During 2004-05, around 125 new judicial review and appeal cases (an increase of 14%) were raised in the Court of Session against the Home Office.

2.39 Another major area of work is social security litigation. In 2004-05, OSAG appeared for the Secretary of State for Work and Pensions in 62 appeals to the Child Support and Social Security Commissioners.

2.40 A significant number of cases were dealt with in the Court of Session, most of which were appeals and judicial reviews in which OSAG conducted action on behalf of the DWP (including the Child Support Agency). Some involved acting on instructions from the Criminal Injuries Compensation Appeals Panel (CICAP). Three cases proceeded to proof during the year, two DWP and one CICAP. Other cases were withdrawn or otherwise settled without proof; at 31 March 2005, there were 12 ongoing actions (one awaiting hearing by the House of Lords).

2.41 Several Sheriff Court appearances were made or arranged by OSAG on behalf of the Child Support Agency and other DWP agencies. OSAG also

represented the Medicines and Healthcare Products Regulatory Agency at a lengthy Fatal Accident Inquiry. Other work included warrant applications under the Competition Act 1998, acting in relation to an application for an Enforcement Order under Part 8 of the Enterprise Act 2002 and several petitions under the Insolvency Act 1986.

Legal Secretariat to the Advocate General

- 2.42** The Legal Secretariat co-ordinates with the Legal Secretariat to the Law Officers for England and Wales on submissions for legal advice received from UK Departments. This work results in advice, as agreed between the Law Officers, which is transmitted to the Departments concerned.
- 2.43** It is a long standing convention that neither the Law Officers nor the Government disclose whether or in what circumstances the Law Officers have given advice, let alone what such advice may have been. Accordingly, no details of the Law Officers' advisory work are disclosed in this Report.
- 2.44** The Legal Secretariat also supports the Advocate General in respect of her work on Cabinet Committees and in answering Parliamentary Questions. Further, in relation to the Advocate General's functions under Section 33 of the Scotland Act, the Legal Secretariat consults Government Departments regarding whether, in their view, Bills passed by the Scottish Parliament are within its legislative competence. Under Section 33, the Advocate General may refer to the Judicial Committee of the Privy Council the question of whether a Bill, or any provision of a Bill, would be within the legislative competence of the Scottish Parliament.

Scotland Office and the Office of the Advocate General for Scotland

Performance Targets

2.45 The Scotland Office and the Office of the Advocate General have set four main targets aimed at ensuring the provision of high quality and efficient services:-

| Target | Indicator | Performance 31 March 2005 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We will reply to Ministerial correspondence (excluding FOI requests) within 15 working days of receipt or we will send an interim reply explaining the reasons for the delay and indicating when a full reply will be sent. | Percentage of replies made within target times. | The target for response was met in 79% of cases. |
| We will provide any readily available free published information held by us within 5 working days of receipt of a request, or provide details of where the information may be obtained. | Percentage of replies made within target times. | Most of the free information published by the Scotland Office is accessible on our website (www.scotlandoffice.gov.uk). Among the information available are press releases, Ministerial speeches, previous Departmental and Annual Reports and sets of accounts. |
| We will deal with requests for other information in accordance with the Government's Code of Practice on access to Government information. Information will normally be sent within 20 working days of receipt of a request for information. | Percentage of replies made within target times. | No requests were dealt with under the Code of Practice. |
| We will ensure that accounts are paid promptly. Where a contract applies, we will make payment in accordance with the applicable timetable. We will otherwise pay accounts within 30 days of receipt of a valid invoice. | Percentage of payments made within target times. | The payment target was met in 98.7% of payments. |

Complaints Procedure

2.46 The Offices have a formal complaints procedure. This is included in the Scotland Office Charter, which can be viewed on our website at www.scotlandoffice.gov.uk. No complaints were received under the Charter during 2004-05.

Chapter 3: Government Expenditure in Scotland

Funding

- 3.1** The arrangements for the financial relationship between the United Kingdom and the devolved administration in Scotland are set out in the fourth edition of the *Statement of Funding Policy* which was published in July 2004 by the Treasury. The arrangements represent, in most cases, the continuation of the long-standing conventions for Scotland (together with Wales and Northern Ireland) prior to devolution.
- 3.2** Responsibility for United Kingdom fiscal policy, macroeconomic policy and public expenditure allocation across the United Kingdom remains with the Treasury, and the Scottish Executive's budget continues to be determined within the framework of public expenditure control in the United Kingdom. Once overall public expenditure has been determined, the Executive makes its own spending decisions on devolved programmes within the overall totals, subject to approval by the Scottish Parliament.
- 3.3** United Kingdom Government funding for the Scottish Executive's budget is determined within spending reviews alongside UK Government Departments. Changes in the budgetary provision for the devolved administrations are generally linked to changes in planned spending on comparable public services by UK Departments. The linkage is achieved by means of a population-based formula (the 'Barnett' formula). The UK Parliament votes the necessary provision to the Secretary of State, who, in turn, makes grants to the Scottish Executive as set out in the Scotland Act 1998. Provision for the costs of the Scotland Office and OAG are found from within the total resources voted by the UK Parliament.

Spending Review 2004

- 3.4** The Scottish Executive received large increases in spending in the 2004 spending review, with spending some £4.2 billion higher by 2007-08 compared to 2004-05.

Budget 2005

- 3.5** The Chancellor of the Exchequer announced in his Budget of 16 March 2005, an extra £72.555 million in 2006-07 and £90.803 million in 2007-08 for

Scotland. Of course, it is for Scottish Ministers to decide how these monies will be spent in Scotland. Copies of the full Budget details are available on the Treasury website at www.hm-treasury.gov.uk.

Spending by the Scotland Office and Office of the Advocate General

3.6 Details of planned Scotland Office and Office of the Advocate General expenditure are contained in Annex 1. The combined provision for the net administration costs for the two Offices is planned to be £6.368 million in 2005-06 and £6.468 million in 2006-07. The Scotland Office DEL from 2005-06 to 2007-08 is a flat figure of £6.499 million in each year.

Scottish Executive Budget

3.7 The Scottish Executive has published details of how it has allocated its budget for 2005-06. These are contained in Scotland's Budget Documents 2005-06, which can be accessed at www.scotland.gov.uk.

3.8 Figure 10 shows changes in Scotland DEL between PESA 2004 and 2005. The Scotland DEL no longer includes the expenditure of the Scotland Office and OAG.

Figure 10: Changes to Scotland Departmental Expenditure Limit for 2003-04 to 2007-08 since PESA 2004

| | 2003-04 £m | 2004-05 £m | 2005-06 £m | 2006-07 £m | 2007-08 £m |
|-------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Position at publication of PESA in 2004 net of depreciation & impairments | 19,972 | 21,400 | 22,811 | 0 | 0 |
| Depreciation & impairments | 177 | 176 | 177 | 0 | 0 |
| Estimated & final outturn 2003-04 | -240 | 0 | 0 | 0 | 0 |
| Items excluded from SR 2004 Baseline | 0 | -11 | -7 | 0 | 0 |
| Baseline for SR 2004 | 19,909 | 21,565 | 22,981 | 22,981 | 22,981 |
| SR 2004 additions | 0 | 0 | 0 | 1,534 | 2,889 |
| Items excluded from SR 2004 Baseline | 0 | 11 | 7 | 0 | 0 |
| Switch of Supporting People from AME to DEL | 396 | 418 | 375 | 365 | 365 |
| Estimated outturn | 0 | -500 | 0 | 0 | 0 |
| Revised outturn | -77 | 0 | 0 | 0 | 0 |
| Take up of End Year Flexibility | 0 | 500 | 0 | 0 | 0 |
| Change in discount rate for pensions | 0 | 0 | 3 | 0 | 0 |
| Invest to Save Budget | 0 | 0 | 0 | 2 | 0 |
| DEL reduction in Housing Benefit/Council Tax Benefit Administration | 0 | -85 | -89 | -89 | -89 |
| Counter Terrorism | 0 | 0 | 1 | 0 | 0 |
| Bookstart | 0 | 0 | 1 | 2 | 2 |
| Landfill tax | 0 | 0 | 8 | 0 | 0 |
| Non cash costs of National Parks | 0 | 1 | 1 | 1 | 1 |
| PBR 2004 measures | 0 | 0 | 13 | 29 | 30 |
| Budget 2005 | 0 | 0 | 6 | 71 | 90 |
| Inter-Departmental Transfers | 0 | 12 | -1 | -1 | -1 |
| Subtotal | 319 | 357 | 325 | 1,914 | 3,287 |
| Capital DEL plus Resource DEL | 20,227 | 21,922 | 23,306 | 24,895 | 26,268 |
| Less depreciation & impairments | -195 | -264 | -316 | -336 | -352 |
| Position at publication of PESA in 2005 (Table 1.11) net of depreciation & impairments | 20,033 | 21,657 | 22,991 | 24,559 | 25,916 |

(1) Totals may not sum due to roundings.

Government Expenditure and Revenue in Scotland (GERS)

3.9 The Scottish Executive published the report, *Government Expenditure and Revenue in Scotland 2002-2003* on 16 December 2004. This was the eleventh in a series of official publications examining budgetary issues in Scotland (reports before July 1999 were published by the Scottish Office). This latest report presented data for 2002-03, the latest year for which information on Government expenditure and revenue was available for Scotland. It can be viewed at www.scotland.gov.uk.

Public Expenditure Statistical Analyses (PESA)

3.10 PESA is a compendium that brings together recent outturn data, estimated outturns for the latest year and budgetary plans over the whole range of UK

public expenditure. It is published annually as a Command paper alongside the Supply Estimates and Departmental Reports. It includes an analysis of public spending by country and region, spending by function and economic category of expenditure, and full details of spending by Department and grouped by budgetary control aggregates. The most recent edition of PESA, which was published on 7 April 2005, is available at www.hm-treasury.gov.uk.

Resource Accounting and Budgeting (RAB)

- 3.11** RAB provides an accurate measure of Departmental expenditure by matching costs to time, measuring the full resource cost of Government activity, including non-cash expenditure such as depreciation, cost of capital charges and provisions.
- 3.12** The aim of the tables in this Report is to provide a detailed analysis of Departmental expenditure plans in resource terms, showing: resource consumption and capital investment; voted and non-voted expenditure; expenditure in three year Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).
- 3.13** Following the decision to introduce resource budgeting in two stages, the major non-cash items – depreciation, cost of capital charges and provisions – scored in AME for the 2000 Spending Review years. From 2003-04, with the introduction of the 2002 Spending Review and Stage 2 resource budgeting, these items score in DEL.

Whole of Government Accounts (WGA)

- 3.14** The Scotland Office continues to participate in the WGA project which is being conducted by HM Treasury. WGA will comprise a consolidation of the individual accounts of all of the public bodies designated in the Government and Resource Accounts Act 2000, and also public bodies governed by the Public Finance (Scotland) Act 2000. The Scotland Office has been involved since the inception of the project, providing data for the first stage – Central Government Accounts (CGA), with ‘dry run’ CGA accounts being prepared for 2001-02 and 2002-03 and published accounts prepared for 2003-04. The CGA boundary includes Departments, their Agencies, Non-Departmental Public Bodies (NDPBs) and Central Funds. The program is being expanded to the wider WGA boundary from 2004-05, with the Scotland Office continuing to contribute data to the process which will produce published CGA accounts and ‘dry run’ WGA accounts for the year 2004-05. These accounts are based on generally accepted accounting practice (GAAP).

Chapter 4: Delivering Efficient Government

Efficient Use of Resources

- 4.1** Delivering efficient public services is a key part of the Government's agenda for improving productivity. The Scotland Office and the Office of the Advocate General's budget is flat in nominal terms over the 2004 spending review period and we share that agenda; we are committed to achieving efficiency and effectiveness in all areas of their activities.
- 4.2** The Scotland Office's executive functions relate only to the conduct of elections and to the delivery of subordinate legislation and certain other functions under the Scotland Act. However, while the Office does not deliver services directly to the public, it plays a key role in helping to promote the devolution settlement for Scotland. It advises Ministers across the whole range of reserved policy matters.
- 4.3** Programme expenditure is small (£0.5m) and relates to the Boundary Commission for Scotland and the Commission on Boundary Differences and Voting Systems in Scotland. The bulk of the costs of the Scotland Office and the Office of the Advocate General therefore relate to staffing and associated expenditure linked to the advisory and support function for Ministers.
- 4.4** The Offices are now distinct entities within the Department for Constitutional Affairs (DCA) and we contribute to and benefit from DCA policy on Civil Service reform and improvement. This is now an important element of our forward strategy and we shall be working with the DCA to strengthen our processes and procedures in order to follow Best Practice as agreed with the DCA.

Services provided by the Scottish Executive and the DCA

- 4.5** The Scottish Executive continues to provide advice and support services for the Scotland Office and the Office of the Advocate General, including information and communications technology and financial systems. From 2004-05, the DCA has provided internal audit service and facilities management services and work is underway to achieve closer and more efficient integration of other support services.

Information Technology

- 4.6** Although the Scotland Office and the Office of the Advocate General do not provide executive services directly to the public, they require appropriate

information management for dealing with internal Government contacts and in explaining UK policies and reporting the activities of Ministers. With staff based in Edinburgh and London, the Offices therefore makes extensive use of communications technology including e-mail, scanning and video-conferencing. The Offices regularly update their internet and intranet sites.

- 4.7** The Scotland Office is an active participant in the Government-wide 'Knowledge Network', contributing briefing on key topics within its area of responsibility. The Office also participates in the 'Information Age Government' forum.

Sustainable Development

- 4.8** The Scotland Office plays its part in promoting the Government's sustainable development strategy. The Parliamentary Under Secretary of State serves as a member of the Ministerial Sub-Committee on Energy and the Environment (Sustainable Development in Government), previously ENV(G), whose purpose is to improve the Government's contribution to sustainable development through the conduct of its business, including through the consideration of departmental sustainable development action plans.

Health and Safety

- 4.9** The Offices aim to provide a safe and healthy working environment for all staff and have procedures in place, where possible, which will ensure that all equipment, plant and premises are safe and free from adverse effects to health. The Offices are currently working with the DCA and the Scottish Executive on how best to introduce an appropriate and effective Health and Safety Management System and procedures for the Offices. The Offices have 4 trained Health and Safety Liaison Officers with plans to train another, enabling us to provide support services and advice to staff and disseminate information.
- 4.10** The Office recognise environmental protection as an integral element of efficient business management and the aim is to protect, maintain and, where possible, improve the environment.

Recruitment of Staff

- 4.11** Most staff of the Scotland Office and the Office of the Advocate General are currently seconded from the Scottish Executive, but some staff, particularly in London, are employees of the DCA. The policy of both the Scottish Executive and the DCA is to recruit staff in accordance with the Civil Service Order in Council 1995. Every individual appointed is selected on merit on the basis of fair and open competition, apart from cases where exceptions are permitted under Articles 6 and 7 of the Order. To this end:

- 1 Prospective candidates are given equal and reasonable access to adequate information about the job and its requirements and about the selection process;
- 1 Applicants are considered equally on merit at each stage of the selection process;
- 1 Selection is based on relevant criteria applied consistently to all candidates;
- 1 Selection techniques are designed to be reliable and guard against bias; and
- 1 Equal opportunities policies apply throughout the recruitment process.

4.12 Figure 11 sets out the changes that have taken place in the staffing numbers of the Scotland Office and OAG since 2001-02, and the Offices' plans up to 2006-07.

Figure 11: Staff Years³ –Full-time Equivalent

| | 2001-02 | 2002-03 | 2003-04 | | 2004-05 | | 2005-06 | | 2006-07 | |
|-----------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | actual | actual | actual | actual | actual | actual | plans | plans | plans | plans |
| | | | SO | OAG | SO | OAG | SO | OAG | SO | OAG |
| Permanent Staff | 105 | 114 | 68 | 33 | 56 | 28 | 60 | 32 | 60 | 32 |
| Casual Staff | 4 | - | - | - | - | 1 | - | - | - | - |
| Overtime | 4 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 113 | 117 | 69 | 34 | 57 | 30 | 61 | 33 | 61 | 33 |

Ethnic Minorities

4.13 Information on the ethnic origin of civil servants is collected using a voluntary, confidential questionnaire. To protect the identity of individual staff, data relating to fewer than five people is not disclosed in equal opportunities monitoring. Action is being taken across the Civil Service to address the under-representation of ethnic minorities. Diversity awareness training is mandatory for all Scotland Office and OAG staff.

People with Disabilities

4.14 The Scotland Office and OAG have a small number of staff with disabilities; for privacy reasons, the actual numbers are considered confidential. The Offices are aware of their responsibilities under the Disability Discrimination Act 1995 and, with this in mind, have provided an external stair lift at its premises in Melville Crescent and also an internal lift. In addition, a programme of work is in hand to ensure that Dover House meets the Offices' obligations under the Act.

³ The figures are shown on a 'staff-year' basis, giving the average number of staff throughout the year.

ANNEXES

- Annex 1:** Departmental Expenditure Limit - Scotland Office and Scottish Executive
- Annex 2:** Grant Payable to the Scottish Consolidated Fund 2003-04: Provision and Outturn
- Annex 3:** Grant Payable to the Scottish Consolidated Fund 2004-05: Original and Final Provision
- Annex 4:** Reconciliation of Grant payable to the Scottish Consolidated Fund with Total Managed Expenditure in Scotland: 2005-06
- Annex 5:** Scotland Act Orders
- Annex 6:** UK Government Bills
- Annex 7:** Scrutiny of Scottish Parliament Bills

ANNEX 1

Departmental Expenditure Limit - Scotland Office and Scottish Executive

| | 1999 -2000 outturn ⁽²⁾ £'000 | 2000 -2001 outturn £'000 | 2001 -2002 outturn £'000 | 2002 -2003 outturn £'000 | 2003 -2004 outturn £'000 | 2004 -2005 estimated outturn £'000 | 2005 -2006 provision £'000 | 2006 -2007 provision £'000 | 2007 -2008 provision £'000 |
|-----------------------------------------------------------------|--------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Resource | | | | | | | | | |
| Scotland Office | | | | | | | | | |
| Administration Costs | 3,420 | 5,555 | 6,212 | 6,381 | 4,467 | 3,840 | 4,314 | 4,414 | 4,414 |
| OAG Administration Costs | | | | | 1,464 | 1,609 | 1,579 | 1,579 | 1,579 |
| Scotland Office - other | 266 | 462 | 386 | 369 | 362 | 475 | 475 | 475 | 475 |
| Subtotal - Administration Costs | 3,686 | 6,017 | 6,598 | 6,750 | 6,293 | 5,924 | 6,368 | 6,468 | 6,468 |
| Boundary Commission | 158 | 123 | 202 | 253 | 244 | 300 | 300 | 300 | 300 |
| Commission on Boundary Differences & Voting Systems in Scotland | | | | | | 160 | 100 | | |
| Total Resource | 3,844 | 6,140 | 6,800 | 7,003 | 6,537 | 6,384 | 6,768 | 6,768 | 6,768 |
| Capital | | | | | | | | | |
| Scotland Office | 226 | 72 | 62 | 88 | 13 | 100 | 100 | 100 | 100 |
| Scotland Office DEL^{(1) (3)} | 3,883 | 5,866 | 6,306 | 6,844 | 6,297 | 6,115 | 6,499 | 6,499 | 6,499 |
| Scottish Executive Resource | 13,218,782 | 14,077,211 | 15,353,062 | 16,538,822 | 18,826,187 | 19,961,423 | 21,405,290 | 22,795,738 | 24,058,749 |
| Scottish Executive Capital | 1,040,565 | 1,173,010 | 1,760,940 | 1,594,295 | 1,401,011 | 1,960,126 | 1,901,079 | 2,098,989 | 2,209,174 |
| Scottish Executive DEL ⁽³⁾ | 14,146,679 | 15,142,658 | 16,943,506 | 18,014,011 | 20,032,564 | 21,657,164 | 22,990,721 | 24,558,935 | 25,916,199 |
| Election expenditure (Resource non-voted) | 8,703 | 700 | 6,758 | 2,724 | 11,340 | | | | |
| Total Scottish Block⁽³⁾ | 14,159,265 | 15,149,224 | 16,956,570 | 18,023,579 | 20,050,201 | 21,663,279 | 22,997,220 | 24,565,434 | 25,922,698 |

(1) "Expenditure Voted on DCA Estimate, Request for Resources 2, Overseeing the effective operation of the devolution settlement in Scotland and representing the interests of Scotland within the UK Government."

(2) Part Year Expenditure: The Scotland Office was established in its present form on 1 July 1999.

(3) Resource + capital - depreciation.

(4) "Expenditure Voted on DCA Estimate, Request for Resources 2, Overseeing the effective operation of the devolution settlement in Scotland and representing the interests of Scotland within the UK Government."

(5) Resource + capital - depreciation.

ANNEX 2

Grant Payable to the Scottish Consolidated Fund 2003-04: Provision and Outturn

| £ million | Original Provision | Final Provision | Outturn |
|------------------------------------------------------------------------------------|--------------------|-----------------|---------------|
| Departmental Expenditure Limits | 20,344 | 20,803 | 20,227 |
| Annually Managed Expenditure | 655 | 997 | 789 |
| Non Domestic Rates Income | 1,646 | 1,804 | 1,804 |
| Total Managed Expenditure | 22,645 | 23,604 | 22,820 |
| add: | | | |
| Repayments of principle of existing (pre 1 April 1999) debt to National Loans Fund | 10 | 10 | 10 |
| Student Loans | 167 | 167 | 208 |
| Housing Stock Transfers | 165 | 165 | 113 |
| | 342 | 342 | 331 |
| less: | | | |
| Supported Borrowing by Local Authorities | 545 | 530 | 498 |
| Non Domestic Rates Income | 1,646 | 1,804 | 1,804 |
| European Structural Funds Receipts (ESF & ERDF) | 183 | 206 | 199 |
| National Insurance Fund Payments towards Scottish National Health Service | 574 | 574 | 1,345 |
| Rural Payments Agency receipts supporting expenditure in AME | 369 | 399 | 424 |
| Non Voted expenditure | 14 | 14 | 14 |
| | 3,331 | 3,527 | 4,284 |
| Cash to accruals adjustments | | | |
| Depreciation | 168 | 177 | 178 |
| Cost of capital | 786 | 786 | 764 |
| Movement on working capital | | 1 | 2 |
| Transfers and net movements on provisions | 60 | 60 | -6 |
| Resource to cash adjustments for NDPBs | 103 | 76 | 53 |
| | 1,117 | 1,100 | 991 |
| Other non-cash adjustments | 19 | 19 | 0 |
| Change in balance in Scottish Consolidated Fund | 0 | 0 | -818 |
| Grant payable to Scottish Consolidated Fund | 18,521 | 19,300 | 17,058 |

⁽¹⁾ Totals may not sum due to roundings.

⁽²⁾ Resource and capital DEL inc. depreciation.

ANNEX 3

Grant Payable to the Scottish Consolidated Fund 2004-05: Original and Final Provision

| £ million | Original Provision | Final Provision | Estimated Outturn |
|------------------------------------------------------------------------------------|--------------------|-----------------|-------------------|
| Departmental Expenditure Limits | 21,576 | 22,422 | 21,922 |
| Annually Managed Expenditure | 2,197 | 2,071 | 2,071 |
| Non Domestic Rates Income | 1,874 | 1,874 | 1,896 |
| Total Managed Expenditure | 25,647 | 26,367 | 25,889 |
| add: | | | |
| Repayments of principle of existing (pre 1 April 1999) debt to National Loans Fund | 10 | 10 | 10 |
| Student Loans | 185 | 185 | 191 |
| Housing Stock Transfers | 0 | 0 | 0 |
| | 195 | 195 | 201 |
| less: | | | |
| Supported Borrowing by Local Authorities | 290 | 290 | 359 |
| Non Domestic Rates Income | 1,874 | 1,874 | 1,896 |
| European Structural Funds Receipts (ESF & ERDF) | 147 | 147 | 156 |
| National Insurance Fund Payments towards Scottish National Health Service | 1,406 | 1,406 | 1,594 |
| Rural Payments Agency receipts supporting expenditure in DEL | 14 | 14 | 9 |
| Rural Payments Agency receipts supporting expenditure in AME | 400 | 400 | 422 |
| Non Voted expenditure | 12 | 12 | 12 |
| | 4,143 | 4,143 | 4,447 |
| Cash to accruals adjustments | | | |
| Depreciation | 156 | 157 | 164 |
| Cost of capital | 681 | 737 | 643 |
| Movement on working capital | 0 | 0 | 0 |
| Transfers and net movements on provisions | 7 | 7 | 15 |
| Resource to cash adjustments for NDPBs | 55 | 27 | 20 |
| Impairments | 20 | 20 | 100 |
| | 919 | 948 | 942 |
| Change in balance in Scottish Consolidated Fund | 0 | 88 | |
| Grant payable to Scottish Consolidated Fund | 20,780 | 21,383 | 20,701 |

(1) Totals may not sum due to roundings.

(2) Resource and capital DEL inc. depreciation.

ANNEX 4

Reconciliation of Grant payable to the Scottish Consolidated Fund with Total Managed Expenditure in Scotland: 2005-06

| | £m 2005-06 |
|------------------------------------------------------------------------------------|---------------|
| Expenditure Classified as DEL | 23,306 |
| Expenditure Classified as AME | 2,395 |
| Non Domestic Rates Income | 2,009 |
| Total Managed Expenditure | 27,710 |
| <i>add:</i> | |
| Repayments of principal of existing (pre 1 April 1999) debt to National Loans Fund | 10 |
| Student Loans | 181 |
| Housing Stock Transfers | 0 |
| | 191 |
| <i>less:</i> | |
| Supported Borrowing by Local Authorities | 345 |
| Non Domestic Rates Income | 2,009 |
| European Structural Funds Receipts (ESF & ERDF) | 148 |
| National Insurance Fund Payments towards Scottish National Health Service | 1,406 |
| Rural Payments Agency receipts supporting expenditure in DEL | 9 |
| Rural Payments Agency receipts supporting expenditure in AME | 436 |
| Non Voted expenditure | 12 |
| | 4,365 |
| Cash to accruals adjustments | |
| Depreciation | 296 |
| Cost of capital | 662 |
| Movement on working capital | 0 |
| Transfers and net movements on provisions | 16 |
| Resource to cash adjustments for NDPBs | 22 |
| Impairments | 20 |
| Resource to cash adjustments for NHS and Teachers Pensions | 1,644 |
| | 2,660 |
| Grant payable to Scottish Consolidated Fund | 20,877 |

(1) Totals may not sum due to roundings.

(2) Resource and capital DEL inc. depreciation.

ANNEX 5

Scotland Act Orders

| | |
|-----|--------------------------------------------------------------------------------------------------------------------|
| 1. | Water Industry (Scotland) Act 2002 (Consequential Modifications) Order 2004 (SI 2004/1822) |
| 2. | Scottish Public Services Ombudsman Act 2002 (Consequential Provisions and Modifications) Order 2004 (SI 2004/1823) |
| 3. | Scotland Act 1998 (Transfer of Functions to the Scottish Ministers, etc) Order 2004 (SI 2004/2030) |
| 4. | Scotland Act 1998 (Modification of Functions) Order 2004 (SI 2004/2980) |
| 5. | Freedom of Information (Scotland) Act 2002 (Consequential Modifications) Order 2004 (SI 2004/3089) |
| 6. | Scotland Act 1998 (Functions Exercisable in or as regards Scotland) Order 2004 (SI 2004/3324) |
| 7. | Scotland Act 1998 (Modifications of Schedule 5) Order 2004 (SI 2004/3329) |
| 8. | Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 2005 (SI 2005/849) |
| 9. | Scotland Act 1998 (Modifications of Schedule 5) Order 2005 (SI 2005/865) |
| 10. | Scotland Act 1998 (Modifications of Schedule 5) (No 2) Order 2005 (SI 2005/866). |

ANNEX 6

UK Government Bills

Session 2003-04

Armed Forces Pensions and Compensation Bill
Children Bill
Civil Contingencies Bill
Civil Partnership Bill
Companies (Audit, Investigations and Capital Enterprise) Bill
Constitutional Reform Bill
Domestic Violence Crime and Victims Bill
Employment Relations Bill
Energy Bill
Fire and Rescue Services Bill
Gender Recognition Bill
Health Protection Agency Bill
Higher Education Bill
Housing Bill
Human Tissue Bill
National Insurance Contributions and Statutory Payments Bill
Patents Bill
Pensions Bill
Traffic Management Bill

Session 2004-05

Commissioners for Revenue and Customs Bill
Constitutional Reform Bill
Consumer Credit Bill
Disability Discrimination Bill
Drugs Bill
Education Bill
European Union Bill
Gambling Bill
Identity Cards Bill
Inquiries Bill
International Organisations Bill
Management of Offenders and Sentencing Bill
Mental Capacity Bill
National Lottery Bill
Prevention of Terrorism Bill
Public Services Ombudsman (Wales) Bill
Railways Bill
Road Safety Bill
Serious Organised Crime and Police Bill

ANNEX 7

Scrutiny of Scottish Parliament Bills

In connection with advising the Advocate General on her functions under Section 33 of the Scotland Act, the Office of the Solicitor to the Advocate General considered the legislative competence of the following Bills before the Scottish Parliament in 2004-05.

| |
|-------------------------------------------------------------------------------|
| Abolition of NHS Prescription Charges (Scotland) Bill |
| Antisocial Behaviour etc (Scotland) Bill |
| Baird Trust Reorganisation Bill |
| Breastfeeding etc (Scotland) Bill |
| Budget (Scotland) (No 2) Bill |
| Charities and Trustee Investment (Scotland) Bill |
| Council Tax Abolition and Service Tax Introduction (Scotland) Bill |
| Criminal Procedure (Amendment) (Scotland) Bill |
| Edinburgh Tram (Line One) Bill |
| Edinburgh Tram (Line Two) Bill |
| Family Law (Scotland) Bill |
| Fire (Scotland) Bill |
| Further and Higher Education (Scotland) Bill |
| Gaelic Language (Scotland) Bill |
| Local Governance (Scotland) Bill |
| National Health Service Reform (Scotland) Bill |
| Nature Conservation (Scotland) Bill |
| Prohibition of Female Genital Mutilation (Scotland) Bill |
| Prostitution Tolerance Zones (Scotland) Bill |
| Protection of Children and Prevention of Sexual Offences (Scotland) Bill |
| School Education (Ministerial Powers and Independent Schools) (Scotland) Bill |
| Smoking, Health and Social Care (Scotland) Bill |
| Stirling-Alloa-Kincardine Railway and Linked Improvements Bill |
| Tenements (Scotland) Bill |
| Transport (Scotland) Bill |
| Water Services etc (Scotland) Bill |
| Waverley Railway (Scotland) Bill |

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