

# Annual Report and Accounts

2022-23



TRANSPORT  
SCOTLAND  
CÒMHAIL ALBA





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# Introduction



# Performance Report

## Chief Executive's Foreword



**Alison Irvine**  
Interim Chief Executive  
Transport Scotland

I am pleased to present Transport Scotland's Annual Report and Accounts for 2022-23, having taken up post as Interim Chief Executive in March 2023. I was delighted to return to the organisation, having previously been the Director of Transport Strategy and Analysis until December 2021.

Our annual report and accounts set out our structure, how we work, our financial performance and how we have performed against our organisation's objectives during the 2022/23 financial year. Transport Scotland's objectives reflect the key contribution we make to delivering a safe, efficient, and sustainable transport system for the people of Scotland, in line with the Scottish Government's strategic objectives.

I am proud of the continued dedication of our people who work hard to deliver a sustainable, inclusive, safe, and accessible transport system. By working collaboratively, not only with each other, but with stakeholders and partners across Scotland, we are supporting a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors. Against the backdrop of the cost crisis and our recovery from the Covid-19 pandemic, this delivery and collaboration have never been so challenging.

Over the past year, ScotRail has been brought into public ownership, we continued to deliver the Young Persons' Free Bus Travel Scheme and we have committed record investment to Active Travel.

Work continued to introduce and implement Low Emission Zones (LEZs) across Glasgow, Edinburgh, Dundee, and Aberdeen, with enforcement of Glasgow's LEZ from 1 June 2023. LEZs are a huge public health moment for Scotland and for improving air quality by preventing entry of the highest polluting vehicles into our city centres. Alongside this, we continued our investment in our low carbon transport infrastructure, working hard to achieve Mission Zero for transport. We provided funding to support the decarbonisation of the bus industry in Scotland through the Scottish Zero Emission Bus Challenge Fund (ScotZEB) and low carbon programmes such as the Electric Vehicle Infrastructure Fund and Switched on Fleets to further our progress towards the decarbonisation of public sector transport.

We continued to ensure analysis and use of evidence are at the heart of what we do. We published our 20-year transport infrastructure investment plan, the second Strategic Transport Projects Review, in December, which will guide our transport investments, protecting the climate and improving lives. We published research into Women and Girls Safety on Public Transport, and we undertook specific public attitude surveys post Covid-19 and in light of cost-of-living challenges, in addition to our regular statistical publications.



In addition, a number of transport projects were completed, including the A92/A96 Haudagain improvement project in Aberdeen, which officially opened on 16 May 2022. New railway stations were opened at Inverness Airport and Reston, improving the connectivity of our transport network. We continue to progress the A9 dualling programme between Perth and Inverness, and also to invest in road safety measures on this route and the wider trunk road network. We have also progressed vital works on the A83 Rest and Be Thankful.

This year also saw the eyes of the world on Scotland with the passing of Her Majesty the Queen. The Transport Scotland Resilience Room at South Queensferry was active, managing the 176-mile cortège route from Balmoral to Edinburgh, as well as supporting the travel of the thousands of people who were in Edinburgh.

All of this took place alongside our ongoing management of the transport network. Despite the challenges we all face in light of the cost crisis, and the impact this has on the resilience of our network, we sought to keep Scotland moving, active and green.

We will continue this work as we move forward on the Scottish Government missions of equality, opportunity, and community by supporting the transition to net zero, maintaining the transport network and focusing on delivery of more accessible and affordable public transport.



# The story of 2022-23

Transport Scotland's aim is to help deliver the Scottish Government Strategy of creating a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors. We seek to create and nurture sustainable and inclusive growth, increase the wellbeing of the people of Scotland and reduce inequalities.

## Our highlights

- The Access Bikes project has created great opportunities for those experiencing financial hardship to access a bike, standard and adapted bikes were gifted, and an adapted e-bike library in partnership with Spinal Injury Scotland was opened.
- The Highland Spring's rail freight project will remove a minimum of ten million lorry miles from Scotland's roads in the first 10 years of operation.
- Reston station opened in May 2022.
- Preparation was undertaken for four Low Emission Zones in Glasgow (opened in June 2023), Edinburgh, Dundee, and Aberdeen. £5.5m of Grant Funding provided to Energy Savings Trust and Local Authorities.
- The Young Persons' Free Bus Travel Scheme saw almost 5.7 million journeys from 609,000 cardholders and a 65% overall uptake at 31 March 2023.
- The Project CAVForth will provide a globally significant demonstration of UK autonomous bus capability along a 14-mile route across the Forth Road Bridge between Fife and Edinburgh.
- Phase 5 of the Bus Emissions Abatement Retrofit Programme (BEAR) supported licenced bus and coach operators (including community transport operators and local authorities) to reduce nitrogen oxide (NOx) and particulate matter (PM) emissions of existing eligible fleet vehicles.
- We continued to maintain and enhance Scotland's railway, including on-going electrification and decarbonisation through our Rail Services Decarbonisation Plan, and subsidised the operation of ScotRail and Caledonian Sleeper Services.
- We brought ScotRail into public control and ownership on 1 April 2022.

## 2,500

free bikes for kids



Removing

## 10 million

lorry miles from our roads on to rail



## Four

Low Emission Zones





- In the last Transport Focus survey results published in October 2022, overall satisfaction with ScotRail was 90%. This is 4% higher than the previous year and 3% above the Great Britain average.
- In 2022-23 around thirteen thousand trains moved over four million tonnes of goods, saving millions of lorry miles in Scotland. 50% of these trains were electrically hauled.
- In the last year, ScotRail has successfully settled pay deals with the Rail Trade Unions which includes a revenue share scheme for staff.
- This year, our Operating Companies constructed five drainage improvement schemes and one watercourse realignment scheme in areas that are vulnerable to climate risks, such as flooding, slope failure and landslides. These schemes delivered engineering solutions that go beyond maintenance, which adapt the network to the current and future impacts of climate change.
- We implemented Perceptual Rider Information for Maximising Expertise and Enjoyment (PRIME) markings. These help riders make better decisions to adapt their riding when approaching bends. This project is considered the most in-depth investigation of motorcycle rider behaviour in the world. Since the start of the trials, there has been a significant reduction in speed, improvements in breaking and road position behaviours and no motorcycle injury collisions where PRIME markings have been deployed.
- The shift to zero emission transport was supported through the continued funding of ScotZEB (Scottish Zero Emission Bus Challenge Fund) Phase 1 and Low Carbon Transport Programmes, such as Electric Vehicle Infrastructure Fund and Switched on Fleets.
- Work was undertaken to progress the design and supervision of construction for Rest and Be Thankful through to completion.
- Our investment in Active Travel supported over 235 Places for Everyone Projects, over 40 km of new and improved routes on the National Cycle Network and the delivery of Cycling Walking Safer Routes projects across thirty-two local authorities.

**£30  
million**



to support the shift to  
zero emission transport



**£25  
million**



for Rest and Be Thankful



**£109  
million**



in bus operator  
reimbursement





# Case studies

## Case study 1: nationalisation of ScotRail



In a statement to Parliament on 17 March 2021, the then Transport Secretary, Michael Matheson, announced that due to on-going economic uncertainty caused by the Covid-19 pandemic and the delayed UK Government rail review, ScotRail services would be provided within the public sector after the expiry of the Abellio franchise contract. This was to be delivered through the mechanism known as the Operator of Last Resort.

A highly experienced and committed project team in Transport Scotland worked with colleagues in ScotRail to deliver the mobilisation of services. The volume of work and effort that was required to manage and deliver this outcome was considerable and it was testament to the dedication and skills of the project team supported by colleagues in Transport Scotland's Rail Directorate that the mobilisation was delivered on time.





The project team managed the mobilisation while also mobilising the holding company, Scottish Rail Holdings Ltd, as well as providing a high level of assurance to Ministers and senior officials.

On 1 April 2022, ScotRail was successfully brought into public ownership. Services are being provided by ScotRail Trains Ltd, which is overseen by the Scottish Government's wholly owned and controlled arm's-length company, Scottish Rail Holdings Ltd.

ScotRail is focused on delivering high performing services for passengers, communities, and businesses across Scotland, including work to support the Scottish Government's ambitious Net Zero targets.

The most recent data from the Office of Rail and Road (ORR) shows that ScotRail is improving against the public performance measure (PPM) and is 2.8% higher than across Great Britain. Plans are in place to make this even better.

In the last Transport Focus survey results published in October 2022, overall satisfaction with ScotRail was 90%. This is 4% higher than the previous year and 3% above the Great Britain average.

**ScotRail is working to attract more women, members of the Black, Asian and Minority Ethnic community, and disabled people into its flagship Modern Apprenticeship Programme.**

# 90%

overall satisfaction  
with ScotRail



# 4%

higher than the  
previous year



# 3%

above the Great  
Britain average





## Case study 2: young persons' free bus travel scheme



On 31 January 2022, Transport Scotland launched the Young Persons' Free Bus Travel Scheme which provides national free bus travel to those aged under twenty-two. This delivered on commitments made by the Scottish Government in the annual budget and Programme for Government in 2020-21 and 2021-22.

The scheme aims to make it easier and more attractive for younger generations to use low-emission and lower carbon public transport and embed sustainable travel habits from an early age. This is integral to realising the National Transport Strategy

vision and aligns with the Climate Change Plan Update published in December 2020, which identified the need to reduce car kilometres by 20 percent by 2030.

Transport Scotland worked with a range of delivery partners to launch the scheme including, the Improvement Service, National Entitlement Card Programme Office, bus operators, local authorities, Young Scot, and a range of others. This enabled the use of existing processes and systems as used in Older & Disabled Persons Free Bus Travel Schemes.



In Autumn 2022, the national marketing campaign was delivered, which increased awareness and understanding of the scheme. It was successful in reaching over 97% of Scotland's adult population, encouraging 79% of campaign recognisers to take action and improving overall opinions of bus.



In the scheme's first year, incredibly, almost fifty million journeys made were free at the point of access. By May 2023, two-thirds of young people have joined the scheme, rising to over 78% for those aged 16-21, with over sixty-two million journeys made.

**A significant number of Transport Scotland staff were involved in delivering the Programme, often under challenging circumstances to achieve constructive outcomes. Collectively, this has made an incredible and lasting contribution to young peoples' lives.**

# 97%

of Scotland's adult population reached by marketing campaign



# 79%

of campaign recognisers encouraged to take action as a result



# 62M+

journeys made were free at the point of access





### Case study 3: Her Majesty the Queen's funeral cortège from Balmoral to Edinburgh

## Royal Cortège

Balmoral to Edinburgh,  
11 September



Transport Scotland co-ordinated the planning for the movement of the funeral cortège for Her Majesty the Queen from Balmoral Castle to The Palace of Holyrood house in Edinburgh, following her death at Balmoral Castle on 8 September 2022.

The operation was delivered in partnership with Police Scotland, BEAR Scotland, Amey, Balfour Beatty, Traffic Scotland, Aberdeenshire Council, Aberdeen City Council, Angus Council, Perth & Kinross

Council, Dundee City Council, Fife Council, and the City of Edinburgh Council.

Partners had put in place plans relating to the movement of the Queen's coffin from Balmoral to Edinburgh should she pass at Balmoral Castle. The common theme for all the plans was to ensure that the Queen's coffin travelled from Balmoral to Edinburgh in a safe, secure, and respectful manner, whilst at the same time providing maximum viewing opportunities for mourners.



Transport Scotland established a Cortège Working Group which brought together representatives from partner agencies to ensure there was a consistent look and feel to the cortège movement, whilst ensuring the safety and security of all of those involved in the movement. The group also paid attention to the wider impacts of the cortège movement to keep Scotland moving throughout the cortège's journey, and the ceremonial events.

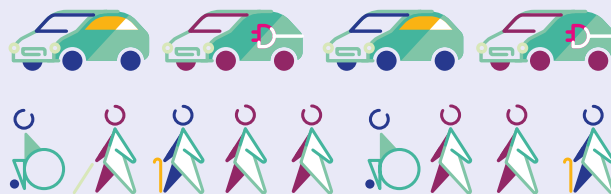
Partners came together at various locations including the Multi-Agency Coordination Centre and the Transport Scotland Resilience Room, to ensure there was a collaborative approach to delivery and to monitoring the transport networks and co-ordinate the response to any disruption and incidents.

In excess of 280,000 people lined the route of the funeral cortège to pay their respects to the late Monarch.

**Working collaboratively with partners, Transport Scotland demonstrated our ability to stage and deliver against a unique set of challenges, particularly around timescales. The funeral cortège was broadcast live throughout the world, with the eyes of the world on Scotland during the movement and the associated ceremonial events.**

**280,000+**

people lined the route of the funeral cortège to pay their respects to the late Monarch.



# Performance Overview





# Performance overview

The purpose of this section is to provide an overview of Transport Scotland, its purpose, and activities. The section also includes information on key risks and issues for the organisation and a high-level summary of performance in 2022-23.

## Overview – purpose and activities

Transport Scotland is an Executive Agency of the Scottish Government. We are responsible for the majority of Scotland's transport system and are accountable to the Scottish Parliament and the public through Scottish Ministers.

We seek to deliver a safe, efficient, cost-effective, and sustainable transport system for the benefit of the people of Scotland, playing a key role in helping to achieve the Scottish Government's purpose of increasing sustainable economic growth with opportunities for all of Scotland to flourish.

We oversee the operation and improvement of the trunk road, lifeline ferry, inland waterway, and railway networks in Scotland; air passenger facilities in the Highlands and Islands and we are responsible for helping grow Scotland's direct international air connectivity; national concessionary travel schemes and the provision of network traffic and travel information services.

**We are responsible for Scotland's transport system and are accountable to the Scottish Parliament and the public through Scottish Ministers.**



- Our **purpose** is to support and advise Scottish Ministers on strategy and policy options for transport in Scotland, and to increase sustainable economic growth, with opportunities for all of Scotland to flourish through the development of national transport systems.



- Our **aim** is to help create an accessible Scotland, with a safe, integrated, cost-effective and reliable transport network, helping to deliver a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors.



- Our **vision** is outlined within our National Transport Strategy, and we seek to create a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, sustainable and inclusive economic growth, and equal opportunity for all.



### Our core principles are:

To strive for continuous improvement in transport delivery both nationally and internationally.



To promote transport integration.



To support the transition to active and more sustainable forms of transport.



To maintain a clear outward focus on the needs of transport users.



To work in partnership with transport providers, communities and wider government in our planning and delivery.



To make the most efficient use of public resources and equip our staff to do the best possible job.

### Our vision

We will have a sustainable, inclusive, safe, and accessible transport system, helping deliver a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors.



Clyde Canal locks by Patrick Down





### Reduces inequalities

- Will provide fair access to services we need
- Will be easy to use for all
- Will be affordable for all



### Helps deliver inclusive economic growth

- Will get people and goods where they need to get to
- Will be reliable, efficient and high quality
- Will use beneficial innovation



### Take climate action

- Will help deliver our net-zero target
- Will adapt to the effects of climate change
- Will promote greener, cleaner choices



### Improves our health and wellbeing

- Will be safe and secure for all
- Will enable us to make healthy travel choices
- Will help make our communities great places to live



A82 at Ardlui



## Organisational Structure:

The Chief Executive is the Accountable Officer for the agency, appointed by the Permanent Secretary to the Scottish Government and reporting to the Portfolio Accountable Officer, currently Director-General Net Zero. They are supported by a senior management team comprising nine Directors.

Each Director oversees one or more transport modes and / or policy areas and is supported by a range of teams covering all aspects of business delivery within their respective directorates. We also support Scottish Ministers in prioritising future transport policy, strategy and investments and the delivery of a low carbon economy.

There are nine Transport Scotland directorates as shown below.



**Figure 1:**  
Transport Scotland's Directorate Structure



## Aviation, maritime, freight and canals (AMFC)

The Directorate helps grow Scotland's direct international connectivity and supports transport links to Scotland's remote and island communities. It is responsible for policy development, contract management and sponsorship of certain public bodies. Transport matters within AMFC's remit include aviation, canals, maritime interests including ports and harbours, and freight. The sponsorship function looks after Scottish Ministers' interests in Glasgow Prestwick Airport (until 25 January 2023), David MacBrayne Limited, Caledonian Maritime Assets Limited, Highlands and Islands Airports Limited, and Scottish Canals.



Cal Mac Ferry - Isle of Arran



Union Canal - Almond Aqueduct by Patrick Down



Wick Airport



Forth Rail Bridge carrying freight wagons by Patrick Down



## Bus, accessibility, and active travel

The Directorate is responsible for the Scottish Government's policy relating to bus, active travel, smart and integrated ticketing, and accessible travel. It supports local authorities, delivery partners and bus operators to deliver sustainable, accessible local transport solutions and improve bus services. It promotes walking, cycling, and wheeling (includes wheeled mobilities such as wheelchairs), operates the concessionary bus travel scheme for disabled, older, and young people, and works with operators to ensure all journeys on Scotland's bus, rail, ferry, subway, and tram networks can be ticketed or paid for using smart technologies.



Glasgow Bus



Active Travel



## Ferries

The Directorate promotes the connectivity of our islands and remote communities through contract management, vessel and infrastructure replacement and development of the Islands Connectivity Plan. The Directorate manages the ferry contracts for the Clyde and Hebrides and Northern Isles services as well as developing future procurement strategy and operational policy, such as fares, for these services. It also works with a range of partners to deliver a programme of vessel replacements and related harbour and port infrastructure works.



Ferry at Uig Pier



MV Alfred



## Finance and corporate services

Finance and Corporate Services supports the operation and governance of Transport Scotland, which includes providing core services and advice to areas such as finance, human resources, learning and development, information governance, IT, facilities, health and safety, secretariat, and Communications. The Directorate also has a leading role on a range of corporate governance functions including risk management, the operation of the Audit and Risk Committee and corporate reporting requirements.

## Low carbon economy

The Directorate's purpose is to advise and support Ministers to deliver a Just Transition from a fossil-fuelled transport system to a zero emission transport system, including leading the Scottish Government's mission to remove the need for new petrol and diesel cars and vans by 2030, delivering strategically coordinated investment in electric vehicle charging infrastructure, promoting the uptake of electric vehicles across public and private fleets, encouraging skills development to support future net zero needs and supporting wider sustainable transport and economic outcomes.



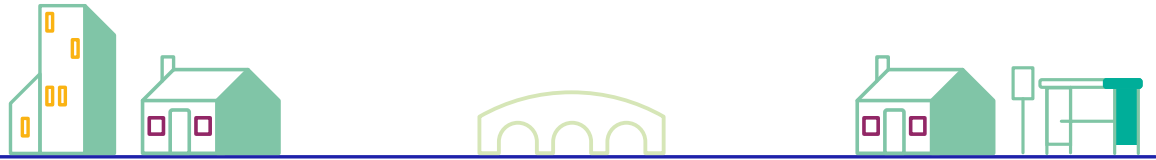
Scottish Parliament by Patrick Down



Minister for Transport Jenny Gilruth with Bus Decarbonisation Taskforce



EV Chargers



## Major projects

Major Projects is responsible for design, development, procurement, and construction of major trunk road and other infrastructure projects across Scotland, alongside leading and advising on procurement and contract management matters for Transport Scotland and maintaining our status as a Centre of Excellence for the delivery of major projects.



40-year anniversary - Kessock Bridge

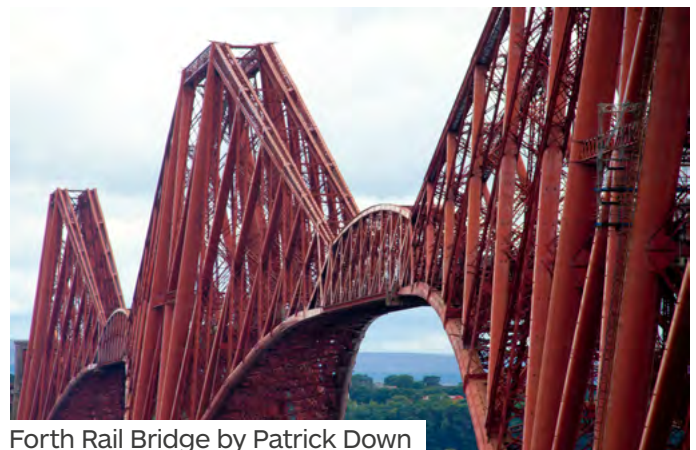


Engineers - by Jamie Kennedy



## Rail

The Rail Directorate is responsible for Scotland's rail policy and delivery. This includes oversight of the services provided by ScotRail Trains Ltd, which is overseen by Scottish Government's wholly owned and controlled arm's length company Scottish Rail Holdings, managing the Serco Caledonian Sleeper rail franchise, developing rail policy, and aligning it with wider social and economic policy. It specifies and funds the operation, maintenance, and renewal of Network Rail's infrastructure in Scotland. It is also responsible for specifying and funding major rail projects alongside industry partners, promoting, and investing in the development of sustainable rail freight, managing economic regulation of the railways, and monitoring and advising on the affordability of the rail programme.



Forth Rail Bridge by Patrick Down



Kintore rail platform



Tay Bridge and train by Grant Garrett





## Roads

The Roads Directorate is responsible for the safe operation and maintenance of the Scottish trunk road network, roads policy, road safety, including oversight of progress towards national casualty reduction targets, Intelligent Transport Systems and lighting, resilience, winter maintenance and transport planning of major events, roads and bridges design standards and air quality and the environment including climate change adaptation and asset management.



A68 Resurfacing - Stuart Nicol Photography



Rest and be Thankful view



A9 single carriageway



### Transport strategy and analysis

The Directorate has responsibility for the National Transport Strategy and all analytical services, providing the evidence basis for our policies and investment decisions affecting all of transport. It also coordinates and improves the effectiveness of our policy and investment delivery, ensuring the work of Transport Scotland and the transport system best contributes to the Government’s strategic objectives of addressing climate change, eradicating child poverty, having a fair and growing economy and sustainable public services.



STPR2



M74 Speed cameras - Peter Devlin photography

# What We Do

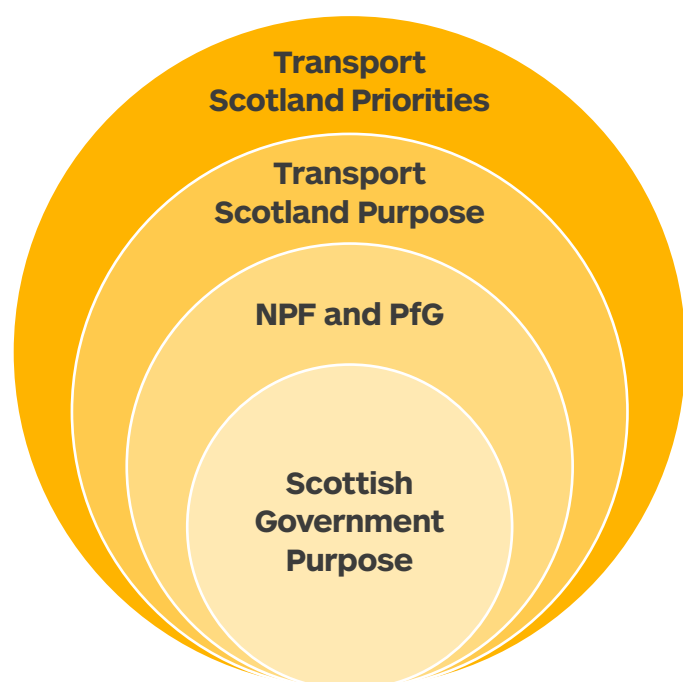




## What we do

As an executive agency of the Scottish Government, and Scotland's national transport agency, we focus our activities on delivering, through our **National Transport Strategy (NTS2)**, the transport-focused National Outcomes within the **National Performance Framework (NPF)** and the **Programme for Government (PfG)**. We are focused on the priorities underpinning our vision for Scotland – to deliver a transport system that reflects Scottish Ministers' NTS priorities of reducing inequality, tackling climate change, delivering inclusive economic growth, and improving our health and wellbeing, while delivering on our commitment of managing a just transition to net zero by 2045.

**Figure 2:** What We Do



## Our contribution to the National Performance Framework

Our organisational focus continues to be on how we will support, through our **National Transport Strategy (NTS2)**, the transport focused national outcomes within the **National Performance Framework (NPF)** and the **Programme for Government (PfG)**. Our five organisational priorities have been developed to focus our work towards them and are supported by a suite of supporting targets and outcomes which we have reported on at pages 41 to 52 of this report.

The PfG is steered by the longer-term vision in the NPF, and its aim is to set out the actions required in order to deliver the outcomes within the NPF.

Our NTS has been mapped against the National Outcomes within the NPF, contributing to nine of these, as well as all seventeen of the Key United Nations Sustainable Development Goals.

**Priority 1:** National Transport Strategy

**Priority 2:** conduct the Strategic Transport Projects Review

**Priority 3:** to support the COVID Recovery Strategy

**Priority 4:** support the transition to net zero by taking forward actions to support the Climate Change Plan

**Priority 5:** put people at the heart of our delivery



## Our national transport strategy

In our NTS, we have set out an ambitious and compelling vision for our transport system for the next 20 years. It seeks to protect our climate and improve the lives of the people of Scotland.

The NTS commits to collaborative working with wider partners in shaping our future transport system. Continued close partnership and collaboration with partners will be vital to successfully realising the strategy's vision, priorities, and outcomes.

NTS2 has four priorities, each with three associated outcomes. It sets out a high-level framework to inform transport decision making. These priorities and outcomes, outlined below in the Performance Summary, form the heart of the Strategy and are the basis upon which we take decisions and evaluate the success of Scotland's transport policies going forward.



**The National Outcomes will help us to achieve Our Purpose:**

To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.

**National Transport Strategy – Contribution Story**

We will have a sustainable, inclusive, safe and accessible transport system helping deliver healthier, fairer and more prosperous Scotland for communities, businesses and visitors.

**Reduces Inequality**

- We will provide fair access to the services we need.
- Will be easy to use for all.
- Will be affordable for all.

**Takes Climate Action**

- Helps deliver our net zero target.
- Adapts to the effects of climate change.
- Promotes greener, cleaner choices.

**Helps Deliver Inclusive Economic Growth**

- Will get us where we need to get to.
- Will be reliable, efficient and high quality.
- Will use beneficial technology.

**Improves Our Health and Wellbeing**

- Will enable us to make healthy travel choices.
- Will help make our communities great places to live.
- Will be safe and secure for all.

**National Performance Framework National Outcomes**



**UN Sustainable Development Goals**



# National Performance Framework



## Key

### National Outcomes in the National Performance Framework



**Children and young people:** We grow up loved, safe and respected so that we realise our full potential



**Communities:** We live in communities that are inclusive, empowered, resilient and safe



**Culture:** We are creative and our vibrant and diverse cultures are expressed and enjoyed widely



**Economy:** We have a globally competitive, entrepreneurial, inclusive and sustainable economy



**Education:** We are well educated, skilled and able to contribute to society



**Environment:** We value, enjoy, protect and enhance our environment



**Fair work and business:** We have thriving and innovative businesses, with quality jobs and fair work for everyone



**Health:** We are healthy and active



**Human rights:** We respect, protect and fulfil human rights and live free from discrimination



**International:** We are open, connected and make a positive contribution internationally



**Poverty:** We tackle poverty by sharing opportunities, wealth and power more equally

# UN Sustainable Development Goals



## Key: UN Sustainable Development Goals

<p><b>1</b> NO POVERTY</p>	<p><b>2</b> ZERO HUNGER</p>	<p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><b>4</b> QUALITY EDUCATION</p>	<p><b>5</b> GENDER EQUALITY</p>	<p><b>6</b> CLEAN WATER AND SANITATION</p>
<p><b>1</b> No Poverty</p>	<p><b>2</b> Zero Hunger</p>	<p><b>3</b> Good Health and Wellbeing</p>	<p><b>4</b> Quality Education</p>	<p><b>5</b> Gender Equality</p>	<p><b>6</b> Clean Water and Sanitation</p>
<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p><b>10</b> REDUCED INEQUALITIES</p>	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p><b>7</b> Affordable and Clean Energy</p>	<p><b>8</b> Decent Work and Economic Growth</p>	<p><b>9</b> Industry, Innovation and Infrastructure</p>	<p><b>10</b> Reduced Inequalities</p>	<p><b>11</b> Sustainable Cities and Communities</p>	<p><b>12</b> Responsible Consumption and Production</p>
<p><b>13</b> CLIMATE ACTION</p>	<p><b>14</b> LIFE BELOW WATER</p>	<p><b>15</b> LIFE ON LAND</p>	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	
<p><b>13</b> Climate Action</p>	<p><b>14</b> Life Below Water</p>	<p><b>15</b> Life on Land</p>	<p><b>16</b> Peace, Justice and Strong Institutions</p>	<p><b>17</b> Partnerships for the Goals</p>	





# Performance Summary





# Performance summary

During 2022-23 Transport Scotland contributed towards the priorities in our Corporate and Business Plan 2021-24. A summary of our performance is included below.

## Priority 1: continue to deliver the National Transport Strategy

The National Transport Strategy sets out an ambitious and compelling vision for our transport system for the next 20 years.

This year we progressed the Fair Fares Review, which is considering both the cost and availability of services and the range of discounts and concessionary schemes which are available on all modes including bus, rail, and ferry to ensure our public transport system is more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society. We engaged with stakeholders to develop more multi-modal smart ticketing and payment options, maintained the National Concessionary Travel Scheme, and continued to work with operators to deliver the Accessible Travel Framework.

## Priority 2: to conduct the Strategic Transport Projects Review (STPR2)

STPR2 will inform transport investment in Scotland for the next 20 years by providing evidence-based recommendations on which Scottish Ministers can base future transport investment decisions. The final reports were published in December 2022.

The A92/A96 Haudagain Improvement opened to traffic in May 2022 with substantial completion achieved on the A77 Maybole Bypass in September 2022, supporting

the local and regional economies.

To support the uptake of low emission vehicles Transport Scotland introduced Low Emission Zones in Glasgow, Edinburgh, Aberdeen, and Dundee in 2022 and to support the target to halve the number of people killed or injured on our roads by 2030, work continued on the Strategic Road Safety Plan.

Works to decarbonise the Barrhead to Glasgow railway line are on site and plans to decarbonise the East Kilbride line are in the detailed design phase. The Island Communities Impact Assessment Report was published in December 2022 and will support our long-term investment programme.

## Priority 3: to support the Covid Recovery Strategy

The [Scottish Government Covid Recovery Strategy](#) sets out a vision to address systemic inequalities made worse by Covid-19, make progress towards a wellbeing economy, and accelerate inclusive person-centred public services.

Transport Scotland supported the growth of supply chain by working with Enterprise Agencies on the Heavy-Duty Vehicle Programme, reviewing evidence on supply chain mapping for sustainable aviation fuel and maritime decarbonisation, and working with St Andrew's University to deliver a new phase of the Hydrogen Accelerator to support innovation in hydrogen technology for transport.

We continued to work with Network Rail, the Department of Transport, Great British Railways Transition Team, and other partners to support the resilient and efficient operations of the railway.



#### Priority 4: to support the transition to net zero by taking forward actions to support the Climate Change Plan

The **Scottish Government Climate Change Plan** commits to reducing emissions by 75% by 2030 (compared with 1990) and to net zero by 2045.

Our 2022-23 investment enabled purchase of 1200 ultra-low emission vehicles and the Network Management Contracts for our trunk roads continue to deliver environmental and sustainability requirements.

As well as supporting a move to rail freight, we have supported the development of a hydrogen fuel cell train as a potential solution for future rolling stock and the Sustainable Aviation Test Environment 2 project is progressing and is expected to see both electric and hydrogen-powered aircraft tested.



Train image – Alexander Johnson Photography

#### Priority 5: to put people at the heart of our delivery

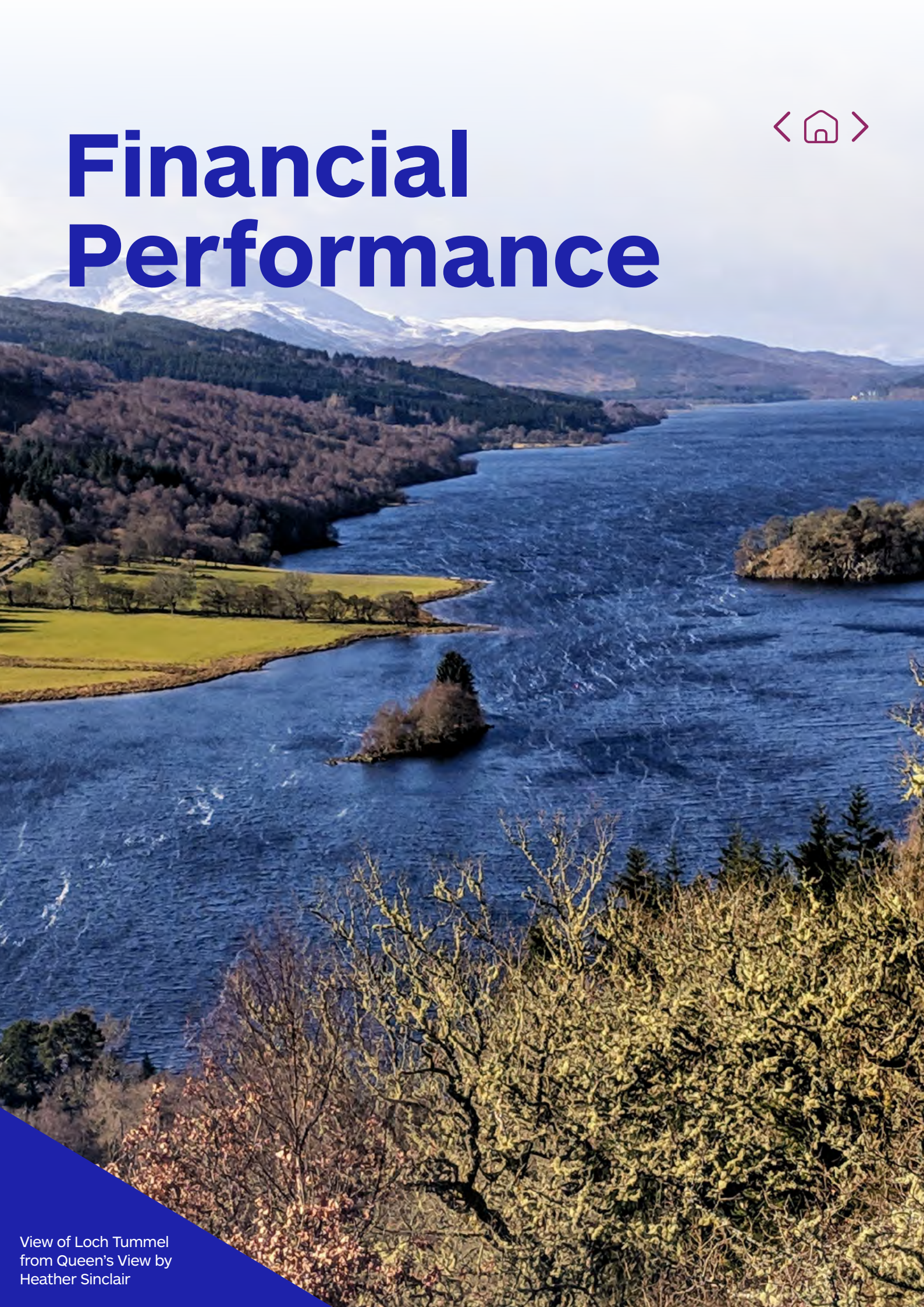
Our people are what will enable Transport Scotland to deliver a sustainable, inclusive, safe, and accessible transport system.

As we have moved to a hybrid working approach, following prolonged remote working during the Covid-19 pandemic, we have sought to make best use of digital tools for staff engagement and to support efficient and effective delivery. This has included regular virtual all staff engagement sessions with the Chief Executive, and a move to Office 365 to enable better collaborative working.

We have started to review the size and shape of Transport Scotland to best address both current and future challenges. This work will continue through 2023-24 and will consider how we work together to deliver our business objectives.

We have also taken the opportunity, as we relocate our headquarters, to explore options for the best physical working environment for our people while making the most efficient use of estate space.

# Financial Performance



View of Loch Tummel  
from Queen's View by  
Heather Sinclair



# Financial performance

## Our key risks and challenges

The management of risk is an integral part of Transport Scotland strategy, operations and decision making. A risk is anything that can impede or enhance our ability to meet our current or future objectives and the achievement of Transport Scotland's priorities, responsibilities, and outcomes.

Transport Scotland's Senior Management Team review risks monthly, supported by the Transport Scotland Risk Management Group, which includes representatives of each Directorate. The risk register is also reviewed by the Transport Scotland Audit and Risk Committee at each meeting. Our work and responses to identified risks are underpinned by a programme management approach which encourages cross-directorate working to cut across traditional team boundaries and bring together a variety of skills, professions, and knowledge.

Risks are reported and escalated to Ministers, the Portfolio Accountable Officer, and Scottish Government Executive Team, as appropriate.

Following an Internal Audit review of Transport Scotland's Risk Management approach in March 2022, a number of recommendations for improvement were made. These were actioned by management during the 2022-23 financial year and included reviewing and updating our Risk Management Framework, further aligning risk management with business planning, developing terms of reference for risk groups, and ensuring each Directorate has nominated risk leads and deputies.

## Key risks

Transport Scotland categorises risk in line with the **Orange Book: Management of risk - Principles and Concepts**.

During the year, a number of previously reported risks and mitigating actions have been revised to consider recent developments. Examples include:

- Transport Scotland moved from managing the risk of Covid-19 on its operations to the recovery from the pandemic as part of our ongoing objectives.
- Scottish Rail Holdings Ltd became operational on 1 April 2022 and the risks associated with the transition were no longer required to be managed as a corporate risk.
- As the Clyde-Hebrides Ferry Services franchise expiry became closer, the risk of negative impacts on the communities it services were escalated to the corporate level to ensure appropriate actions were implemented and monitored.

The corporate risks below are grouped by category and reflect those considered for escalation to the Portfolio Accountable Officer



## Financial

### Budgeting

There is a risk of allocated budgets being inadequate to meet ongoing operational requirements, legal commitments, ministerial priorities, and projects. We have mitigated this risk through regular review and updates to financial forecasts, continued dialogue with Ministers and Scottish Government colleagues and seeking to minimise costs wherever possible. Further to this, collaboration with Scottish Government finance is taking place on the development of reporting tools directly linked to the financial ledger, regular scrutiny and update to our forecasts is in place and additional financial controls are in place over non-essential spend and additional funding, through the Accountable Officer approvals process.

## Operational

### Trunk road maintenance

The trunk road network needs to be maintained to meet the level required for its safe operation and to ensure it can support Scotland's economy. Transport Scotland has worked with Scottish Government finance and Ministers to prioritise assets with greatest potential for significant network disruption and maintain our 10-year Infrastructure Investment Plan to help inform capital investment decisions. This is supported by continuing to review our resilience arrangements across all transport modes as appropriate, maintenance interventions incorporated in STPR2, and developing maintenance programmes to meet statutory and ministerial commitments.

### Clyde and Hebrides ferry services

The current Clyde and Hebrides Ferry Service contract (CHFS2) is due to expire on 30 September 2024. We are currently considering the most appropriate route to ensure continuity of ferry services on the CHFS network ensuring quality, value for money, and robust services to our island and remote communities.

### Significant incidents

A prompt and effective response to significant incidents is essential to minimise disruption to the strategic transport network. Multi-agency contingency plans are in place across all modes for dealing with both anticipated and unanticipated disruptive events. Key freight flows and lifeline services are given priority in any contingency plans and forums and processes are in place to ensure that lessons learnt from incidents, including severe weather events, are included in future contingency plans and procedures.

### Asset management – sponsored bodies

The assets managed by our sponsored bodies are essential parts of the transport network. If Transport Scotland Sponsored Bodies, such as HIAL (Highlands and Islands Airports Ltd.), Scottish Canals and Scottish Rail Holdings, are unable to maintain transport infrastructure to the level required for its safe operation, then this could lead to asset failure and unavailability of significant elements of the network. A phased review is being undertaken of all sponsor bodies' asset management registers to ensure that appropriate assurance is in place at board level, and to identify opportunities to develop



reporting best practice and consistency. Our asset management strategies take a risk-based approach to investment in planned and reactive maintenance, having regard to a range of risks including safety, operational impacts, financial and reputational risks.

## Project and programme

### Climate change plan

The transport emissions reductions required to meet our statutory climate change targets require ambitious new policies for inclusion in the next Climate Change Plan and delivering of existing Climate Change Plan Update transport sector commitments. To achieve this, we are building the evidence base for effective policy development to ensure a just transition to net zero, monitoring policy delivery and taking forward engagement with internal and external stakeholders including public sector organisations, businesses and industry and the public. Transport Scotland has a Climate Change Board with representation from across the agency and external membership to oversee this work commissioned research to build the evidence base to inform identifying policy options.

## Reputational

### Future transport

Changes to the usage of the transport network following recent societal and economic changes could lead to a medium- to long-term reduction in farebox revenue and impact on service provision that would disproportionately impact on vulnerable communities and groups. The Fair Fares Review is examining how public transport is used and what we

need to do now, and in the future, to support the long-term viability of our public transport system. This work is considering both the cost and availability of services and the range of discounts and concessionary schemes which are available on all modes including bus, rail, and ferry to ensure our public transport system is more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society.

## Security

### Cyber resilience

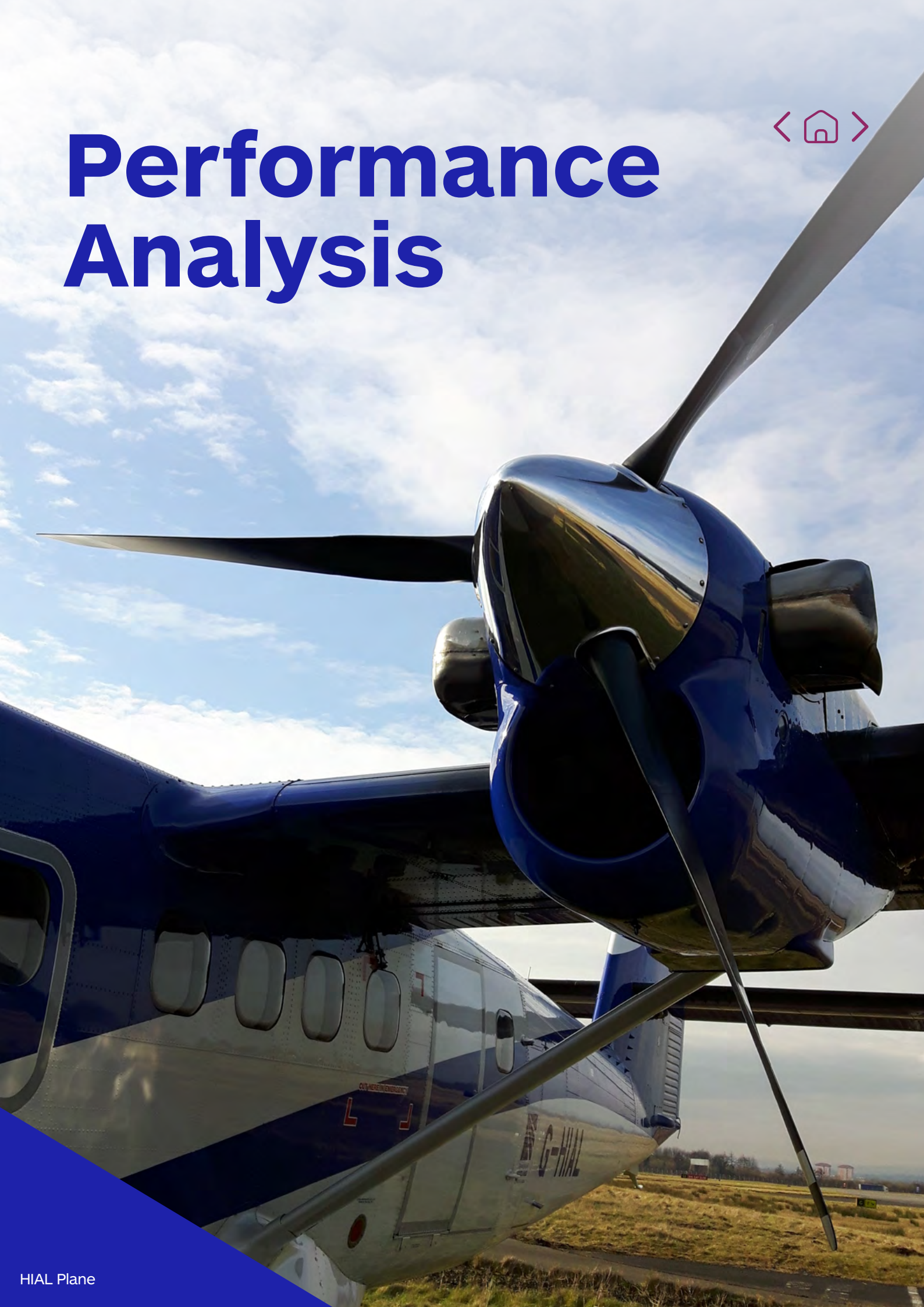
The threat of cyber-attacks requires proactive action to ensure we secure and have access to our systems and data. Working closely with the Scottish Government, we have cyber resilience policies, systems, procedures, and resources in place, which are supported by staff awareness and training to identify and avoid risk exposure. We also have a Cyber Incident Response Plan in place.

## People

### Wellbeing

Our people are central to what we do and essential in achieving our organisational objectives. If we do not create the conditions to promote the wellbeing of our staff, then we will reduce our capability and capacity to deliver our business objectives. Our Senior Management Team review management information and discuss issues impacting our people regularly. Work to consider how the agency develops is underway to ensure we are the right size and shape for the challenges ahead.

# Performance Analysis

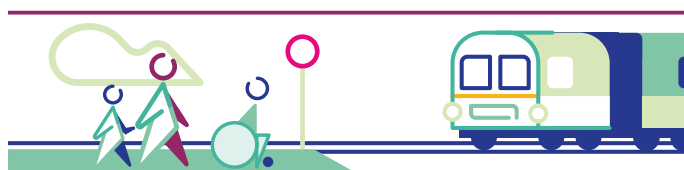






# Performance analysis

The purpose of this section is to provide a detailed analysis of the performance of the organisation in 2022-23.



## Performance

We assess our performance against the objectives in our business plan. Each objective is grouped under our corporate plan priorities and measured against the progress expected at the start of the year. We are continuing to develop and refine our Key Performance Indicators and milestones to improve our programme and portfolio management.

### Priority 1: continue to deliver the National Transport Strategy (NTS)

2022-23 Objective	2022-23 Progress
To develop the future transport system for Scotland considering governance, demand, and funding particularly in the transition from the Covid-19 pandemic.	<p>We are progressing the Fair Fares Review (FFR) to ensure a sustainable and integrated approach to public transport fares that supports the future long-term viability of our public transport system as we recover from the pandemic.</p> <p>The FFR is considering both the cost and availability of services and the range of discounts and concessionary schemes which are available on all modes including bus, rail, and ferry to ensure our public transport system is more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society.</p>
To lead and provide direction on strategic transport planning in Scotland by providing advice and expertise to inform and appraise transport policy and decision making.	Transport Scotland provide advice to organisations seeking Government funding for transport projects and policies and apply rigour to our internal business cases through robust evidence based challenge.
To lead national projects, and support regional projects, with local transport authorities and operators to deliver more multi-modal smart ticketing and payment options and improve travel data provision and maintain the National Concessionary Travel Scheme.	<p>Meetings held six-weekly with Scottish Rail Holdings and ScotRail Trains to develop smart ticketing activity.</p> <p>This includes review of the Host Operator Processing System (both Transport Scotland and ScotRail have one).</p>



2022-23 Objective	2022-23 Progress
<p>To fund active travel delivery partners, to work in partnership with local authorities and others to deliver active travel infrastructure projects and sustainable and active behaviour change.</p>	<p>Our delivery partners continued to drive delivery of projects through to year end, with a view to minimising underspend. We saw minor underspends on Cycling Walking Safer Routes (CWSR) and the Regional Transport Active Travel Fund. A lot of engagement took place with delivery partners to refine proposals as we navigated the Investment Decision Making board and Portfolio Accountable Officer approval. In regard to strategic thinking, conversations with Sustrans in the context of the Transformation Project have helped further inform the preferred delivery model for 2024-25 onwards, and we expect there to be further input required on this in 2023-24.</p>
<p>To work with transport operators and stakeholders to deliver more of the outcomes set out in the Accessible Travel Framework and further improve the Blue Badge service.</p>	<p>Delivery activity is ongoing for legacy priorities e.g., Hate Crime Charter, Inclusive Design, Accessible Travel Framework (ATF) evaluation projects. The Disability Equality Scotland project is underway and making good progress with a successful webinar in February 2023 and first draft report received March 2023 (a key milestone for development of new ATF delivery programme). The Blue Badge revised Code of Practice was completed in 2022.</p>
<p>To enable faster decarbonisation of the Scottish bus fleet through funding incentives and supporting work on new fleet financing models.</p>	<p>Final reports of the Market Transition Scheme have been received and assessed for Q4, with majority of funding awards dispensed.</p>



## Priority 2: to conduct the Strategic Transport Projects Review (STPR2)

2022-23 Objective	2022-23 Progress
<p>To ensure consumers and businesses benefit from affordable, reliable, and accessible infrastructure that supports uptake of zero emission vehicles.</p>	<p>Low Emission Zones introduced, with enforcement commencing in Glasgow in June 2023.</p>
<p>To progress the A9 Dualling programme between Perth and Inverness and the A96 dualling programme between Inverness and Aberdeen.</p>	<p>The Minister for Transport confirmed in a statement to Parliament on 8 February 2023 that the completion date for the A9 Dualling Programme of 2025 is no longer achievable and a new timetable update will be provided to Parliament in Autumn 2023.</p> <p>Although the current plan is to fully dual the A96 route between Inverness and Aberdeen, a transparent, evidence-based Review of the programme is underway. Following publication of the Public Consultation and Initial Appraisal reports for the Review on 22 December 2022 the next phase of detailed work to inform the remaining stages of the Review is being progressed, with outcomes for the detailed appraisal expected to be published for consultation in Summer 2023.</p>
<p>To design and deliver a programme of discrete projects supporting local and regional economies sustainably.</p>	<p>The A92/A96 Haudagain Improvement opened to traffic on 16 May 2022. Substantial completion was achieved on 12 August 2022.</p> <p>The A77 Maybole Bypass achieved substantial completion on 8th September 2022.</p> <p>The A77 Symington to Bogend Toll streetlighting was connected and approved by Ayrshire Road Alliance, enabling the maintenance certificate to be issued on 6 October 2022.</p>



2022-23 Objective	2022-23 Progress
To work with key stakeholders and partners on the implementation of the 2030 Road Safety Framework (RSF) to support the delivery of a safe system and achieve the target of the number of people being killed or seriously injured on our roads to be halved by 2030.	The Strategic Road Safety Plan is currently being updated to reflect the RSF to 2030.
To fund Local Authorities and Regional Transport Partnerships to develop and deliver bus priority infrastructure projects in partnership with bus operators.	We are currently reviewing several studies and responses to further information requests with input from Bus Partnership Fund consultants. A number of Gateway Review workshops have been held with Partnerships. Scoping has been agreed for the Glasgow Outline Business Case and a further £200,000 funding released to North East Partnership. Processed all accruals and currently processing Q4 claims.
To make accurate, timely payments to bus operators to enable them to run services and carry concessionary passengers for free.	Payments have continued on track through 2022-23.
To ensure the successful development and delivery of Scotland's Rail Enhancements Portfolio, including effective management of the Rail Enhancement Budget.	Development of the Rail Decarbonisation Programme has progressed and works to decarbonise the Barrhead to Glasgow Line are on site.  Plans to decarbonise the East Kilbride line are in the detailed design phase.
To produce, maintain and implement a long-term plan and investment programme for new ferries and development at ports to improve resilience, reliability, capacity, and accessibility, to increase standardisation, and reduce emissions and meet the needs of island communities.	Draft of the Long-Term Plan for Vessels and Ports was published 30 December 2022 and shared with key stakeholders for comment.



### Priority 3: to support the Covid-19 recovery strategy

2022-23 Objective	2022-23 Progress
<p>To support the growth of supply chains and innovations that capitalise on Scotland's strengths and support sustainable economic growth.</p>	<p>A range of activities were developed to support Mission Zero for Transport to support economic benefit from the transition to Net Zero including:</p> <ul style="list-style-type: none"> <li>• Working with Enterprise Agencies on the Heavy Duty Vehicle Programme.</li> <li>• Reviewing evidence on supply chain mapping for sustainable aviation fuel and maritime decarbonisation.</li> <li>• Implementing an evidence-based approach to prioritising opportunities from the transition.</li> <li>• Developing plans for stakeholder engagement with the cross-modal Mission Zero Advisory Group.</li> <li>• Working with St Andrew's University to deliver a new phase of the Hydrogen Accelerator to support innovation in hydrogen technology for transport.</li> </ul>
<p>To support a Just Transition and growth of new skills while minimising avoidable disruption.</p>	<p>To support the decarbonisation of transport in Scotland, Transport Scotland has been assessing where there are skills gaps and skills shortages across all modes of the transport sector.</p>
<p>To support and deliver best practice in all Transport Scotland's procurement activity.</p>	<p>Updates to Transport Scotland's Contract Database are now complete, with minor snagging issues being passed to the contractor for action as they arise.</p> <p>Supplier feedback was shared internally and with suppliers in February 2023. Lessons learned meetings were held and reports were updated during the period.</p> <p>Ad hoc advice on contractual and procurement matters on several procurements was given during the period.</p>



2022-23 Objective	2022-23 Progress
To establish new working arrangements with UK Government and other devolved nations in light of the UK's withdrawal from the EU and prepare for any future constitutional changes considering international, EU and UK level developments.	We maintained and continued to develop our relations with the UK Government. Terms of Reference to International Ministerial Group have now been agreed.
To continue to safely operate and maintain the trunk road network.	<p>Road casualty performance has declined substantially in 2022 with an increase of circa 30% in fatalities across the country compared to 2021.</p> <p>All four operating company units are now operating under the new Network Management Contracts. This provides a greater focus on service delivery and the customer.</p>
To develop, consult on, publish bus, and smart related guidance and regulations coming out of the Transport (Scotland) Act 2019.	<p>Since June 2022, local transport authorities have had the powers to run their own local services, which sits alongside their existing ability to subsidise local bus services.</p> <p>Regulations improving the information sharing process when operators vary or cancel a service came into force on 1 April 2023.</p> <p>Secondary legislation to enable the remaining bus provisions of the Act (partnerships and franchising) will begin to be introduced later this year. Transport Scotland will continue to work with partners as these regulations are developed.</p>
To review the services and identify opportunities for improvement across the rail network in Scotland, starting with West Highland and Southwest rural routes.	<p>Transport Scotland are concluding the assessment of (Scottish Transport Analysis Guide) STAG appraisals for three proposed stations in south west Scotland and intend to make recommendations in Q1 of 2023-24.</p> <p>Ongoing considerations of south west transport interventions are to be delivered via the STPR 2 Delivery Plan.</p>



2022-23 Objective	2022-23 Progress
<p>To support the resilient and efficient operations of Scotland's Railway</p>	<p>We continue to engage closely with Network Rail and other relevant partners to respond to adverse weather events through the Network Rail Extreme Weather Action Team process, pressing for best possible response and to maintain supporting connectivity, particularly to rural routes providing lifeline services.</p> <p>This includes supporting rail industry staff with wider transport issues and incidents. Aligned to this we continue to participate in 'Scotland's Railway Response to Earthworks &amp; Weather Action Task Force Steering Group', reducing risk and delivering improvement in infrastructures ability to cope with the impacts of climate change.</p> <p>Periodic timetable changes continue to be developed on the basis of changed travel patterns, ensuring capacity meets demand and support patronage recovery.</p>
<p>To progress with a programme of rail reform to develop plans for long term structural change, designed to maximise the efficiency, performance, and responsiveness of rail services.</p>	<p>We continue to engage with both Department for Transport and Great British Railways Transition Team to inform policy development to ensure that the needs of Scotland's Railway and users are fully included.</p>
<p>To review current structure and governance around provision of ferry services and to continue to support and manage existing lifeline ferry service contracts and complete the award of the CHFS 3 Contract.</p>	<p>Working internally to consider the impact of extending the current CHFS contract and how this will be managed.</p> <p>Working with both operators to realise the impact on operations as a result of increased CPI and potential for other risks out with contract, i.e., energy prices / offshore.</p>



## Priority 4: to support the transition to net zero by taking forward actions to support the climate change plan

2022-23 Objective	2022-23 Progress
To support strategically coordinated investment in the charging network to achieve wider energy and transport system benefits and efficiencies.	Further funding proposal submitted for the 2023-24 tax year with the objective of building on existing activity of the collaboration between Transport Scotland in the low carbon transport skills area. Key areas of the work will include the targeted provision of low carbon transport skills equipment, undertaking a Hydrogen STEM Challenge and create a database of transport training equipment to support better impact assessments.
To incentivise the uptake of ultra-low emission vehicles (ULEVs) while supporting NTS priorities and sustainable transport outcomes.	A successful scheme in 2022-23 will enable the purchase of around 1,200 vehicles.
To take forward actions to support the Climate Change Plan and transport's response to the Global Climate Emergency and meet our emission reduction targets.	Work is ongoing to develop the required policies for transport to contribute to the emissions reductions required to meet the Scottish Government emission targets.
To demonstrate environmental sustainability through the delivery of environmental protection, community benefit, climate change mitigation / adaptation and air quality initiatives across our operations, projects, and maintenance activities.	The Network Management Contracts continued to deliver their environmental and sustainability requirements. Performance under these contracts was subject to monthly review by officials and the Performance Audit Group. Environmental impact assessment process has ensured the impacts of trunk road work were properly mitigated and managed. Collaborative working promoted through the Vulnerable Locations Operations Group, which delivered against the majority of its trunk road adaptation budget and also helped raise standards of environmental / adaptation awareness and delivery.





2022-23 Objective	2022-23 Progress
<p>To demonstrate environmental sustainability through the delivery of environmental protection, community benefit, climate change mitigation / adaptation and air quality initiatives across our operations, projects, and maintenance activities.</p>	<p>Transport Scotland's Approach to Climate Change and Resilience Strategy was completed and issued to Ministers for approval. Contractual requirements for community benefits continued to be delivered and reviewed in accordance with contractual requirements.</p>
<p>To decarbonise Scotland's passenger rail services by 2035, ahead of the UK's target of 2040.</p>	<p>Progress continues with development of the rail Decarbonisation Programme. Works to decarbonise the Barrhead to Glasgow Line are on site, with a target completion date of December 2023.</p>
<p>To continue to work with rail industry partners to consolidate and accelerate our progress with supporting rail freight to ensure it plays an increasing role in Scotland's green economic recovery and long-term economic growth.</p>	<p>We have continued to focus on growing rail freight, ensuring that its benefits are fully considered in all major rail projects and reflected in STPR2 and Climate Change Plan updates.</p> <p>The regulatory rail freight growth target has been effective in changing behaviours and producing results with five new daily rail freight services starting this year. We continue to work with companies looking to invest in rail freight facilities to encourage and facilitate this, ensuring that they have access to industry partners.</p> <p>The new rail freight terminal at Blackford for Highland Spring was opened in August 2022.</p> <p>The industry was consulted on the rail freight growth target for the next rail control period and the valuable information provided on future gauging requirements has helped to identify early benefits for freight through the clearance work required for our decarbonisation projects.</p>



2022-23 Objective	2022-23 Progress
<p>To work with developers of hydrogen fuel cell trains to accelerate their development and appropriate deployment through practical trials in Scotland.</p>	<p>We have continued to support the development of hydrogen fuel cell trains as a potential solution for future rolling stock options for Scotland's Railways. This included the funding of the Bo'ness Hydrogen train project which has now concluded. We continue to engage with academia and industry around future developments of hydrogen fuel solutions for rail including potential trials that could be supported by Scotland's Railways.</p>
<p>To monitor trials of low / zero emission aircraft in Scotland.</p>	<p>Following the successful delivery of the Sustainable Aviation Test Environment (SATE) one project led by Highlands and Islands Airports Limited (HIAL), the SATE 2 project is progressing and is expected to see further testing of electric and hydrogen powered aircraft as well as Unmanned Aerial vehicles (UAVs). This will create valuable data to help inform future decisions on use of zero emission aircraft on the Highlands and Islands network when such aircraft are certified to carry passengers on scheduled flights.</p>



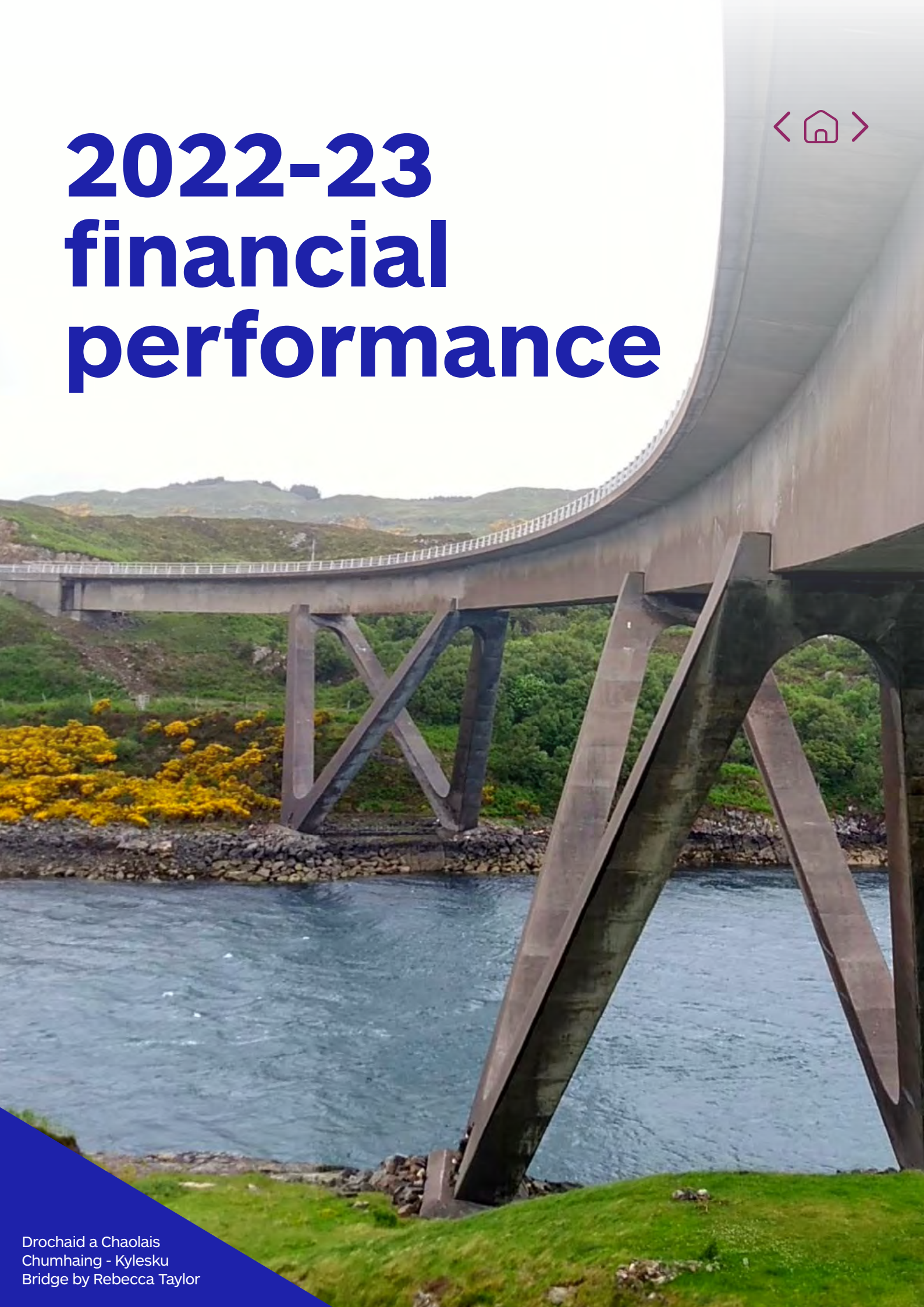
## Priority 5: to put people at the heart of our delivery

2022-23 Objective	2022-23 Progress
<p>To work collaboratively ensuring we provide honest, professional advice, guidance and support that is clear and inclusive.</p>	<p>We have produced and published a high-quality, accessible website, and social media content to support delivery of our organisational objectives.</p> <p>Our support to Ministers has been reviewed and revised following changes to the ministerial team with transitional briefing provided at all levels.</p>
<p>To continue to provide a range of financial and corporate systems in support of our organisational objectives.</p>	<p>The Transport Scotland Senior Management Team have continued to provide regular monthly financial and budgetary reporting alongside ad hoc advice and additional information as required.</p> <p>The Transport Scotland Senior Management Team have continued to provide Human Resource Management, risk and performance reporting alongside ad hoc advice and additional information as required.</p>
<p>To continue to look at how we deliver our services, with an improvement mind-set, ensuring they are efficient, effective and continue to meet the needs of our people</p>	<p>As we have moved to a hybrid working approach, following prolonged remote working during the Covid-19 pandemic, we have sought to make best use of digital tools for staff engagement and to support efficient and effective delivery.</p> <p>We have reviewed how risk is managed and reported across the organisation, with revisions made to our risk framework and training on risk management now mandatory for all staff and sought to better integrate this with our business planning.</p>



2022-23 Objective	2022-23 Progress
<p>To continue to look at how we deliver our services, with an improvement mind-set, ensuring they are efficient, effective and continue to meet the needs of our people</p>	<p>This has included regular virtual all staff engagement sessions with the Chief Executive, a move to Office 365 to enable better collaborative working and a move to a temporary headquarters as work on our move to 177 Bothwell Street, Glasgow, continues. We have taken this opportunity to explore options for the best working environment for our people while making the most efficient use of estate space.</p> <p>We have started to review the size and shape of Transport Scotland to best address both current and future challenges. Informed by the results of the 2022 staff survey we have delivered an internal campaign to raise awareness of the wide range of roles, responsibilities, and activity across Transport Scotland.</p> <p>This work will continue through 2023-24 and will consider how we work together to deliver our business objectives.</p>

# 2022-23 financial performance



2022-23



# financial performance

## Financial performance and use of resources

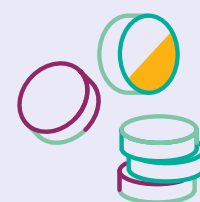
The purpose of this section is to summarise financial performance against budgets for the 2022/23 financial year. Transport Scotland receives the majority of its funding from the Scottish Government. In addition, a small amount of operating income is also generated (Note 5). During 2022-23, total income reported was £12.5 million and funding received was £4.3 billion.

The original budget allocated to Transport Scotland in the 2022-23 Budget Bill was £3.48 billion. Transport Scotland's overall budget includes its Non-Departmental Public Bodies (NDPBs) Highlands and Islands Airports (HIAL), Caledonian Maritime Assets (CMAL), David MacBrayne (DML), Scottish Canals and Scottish Rail Holdings (SRH). The expenditure of NDPBs is reported in Transport Scotland's consolidated HMT budgets in the same way as Transport's Scotland's own spending. Scottish Government funding is accounted for in the Scottish Government accounting system (SEAS) but there are further accounting adjustments in the NDPBs that are reflected in Transport Scotland's overall HMT outturn.

The amounts shown in all of the tables below show all expenditure and accounting adjustments to reflect the total HMT budget envelope that Transport Scotland is accountable for. During the year, budgets are subject to revision and adjustment via the Scottish Government Autumn Budget Revision (ABR) and Spring Budget Revision (SBR) processes.

# £12.5 million

reported income  
during 2022-23



# £4.3 billion

funding received  
during 2022-23





The table below shows the movement in our overall budget and comparison with realised outturn for 2022-23.

	Original Budget 2022-23 £000s	Revised Budget 2022-23 £000s	Outturn 2022-23 £000s	Variance £000s
<b>Rail Services</b>	1,396,900	1,424,447	1,393,408	(31,039)
<b>Bus Services</b>	413,900	398,286	414,071	15,785
<b>Motorway and Trunk Roads</b>	855,853	801,837	828,198	26,361
<b>Ferries</b>	296,000	314,282	322,793	8,511
<b>Air</b>	88,500	77,875	76,317	(1,558)
<b>Other Transport</b>	375,900	345,464	254,170	(91,294)
<b>Local Authority Grants</b>	58,454	83,429	82,466	(963)
<b>SG AME</b>	0	0	4,916	4,916
<b>Total SG Funding</b>	<b>3,485,507</b>	<b>3,445,620</b>	<b>3,376,339</b>	<b>(69,281)</b>
<b>HMT Adjustments</b>	0	856,080	657,888	(198,192)
<b>HMT TOTAL</b>	<b>3,485,507</b>	<b>4,301,700</b>	<b>4,034,227</b>	<b>(267,473)</b>

Other Transport includes: Sustainable and Active Travel and Low Carbon expenditure.

### Outturn analysis

Budget Classification	Revised Budget 2022-23 £000s	Outturn 2022-23 £000s	Variance £000s
<b>Resource</b>	1,369,500	1,369,963	463
<b>Capital</b>	2,547,348	2,316,501	(230,847)
<b>Non-Cash</b>	283,552	324,510	40,958
<b>AME</b>	101,300	23,253	(78,047)
<b>HMT TOTAL</b>	<b>4,301,700</b>	<b>4,034,227</b>	<b>(267,473)</b>



## Outturn variances – summarised by type

	2022-23 £000s
<b>Total Outturn Variance</b>	<b>(267,473)</b>
of which:	
IFRS 16 adjustments	(122,384)
Other technical accounting	(78,047)
Non-cash variances	40,958
EBR contribution	(43,200)
Other variances	(64,800)
<b>Total Outturn Variance</b>	<b>(267,473)</b>

### Overview

As can be seen in the above table, £159.4 million or 60% of the overall underspend related to technical and accounting adjustments in our NDPBs or non-cash lines, the majority of which were in relation to the impact of IFRS 16 and the treatment of Pension Liabilities. These budget lines were restricted for these activities only, did not have a cash element associated with them and could not be used for any other purpose.

Resource expenditure was successfully managed to a near balanced position after making contributions of £37.6 million in support of the Emergency Budget Review (EBR) in September 2022. This was achieved by managing new and emerging pressures as well as new spending commitments by utilising savings made in demand led activities and the net positive impact of Network Rail compensation paid during industrial action.

The remaining outturn variance is on account of £43.2m of contributions to a savings exercise in support of the Emergency Budget Review where a number of uncommitted projects were reprioritised for delivery in future years and £44.8m was a saving due to lower-than-expected third-party demand and ability to deliver on some grant funding activities. We also received £20m of income late in the year from the sale of a Joint Venture in one of our NDPBs.

The total underspend of £267 million (2021-22: £146 million underspend) represents approximately 6.2% (2021-22: 4.1%) of the overall budget. The Statement of Comprehensive Net Expenditure (SoCNE) on page 112 identifies net operating costs of £3.130 billion. Capital expenditure and HMT Adjustments in NDPBs are not recognised as in-year expenditure within the SoCNE, and the table below provides a reconciliation of overall outturn to SoCNE.



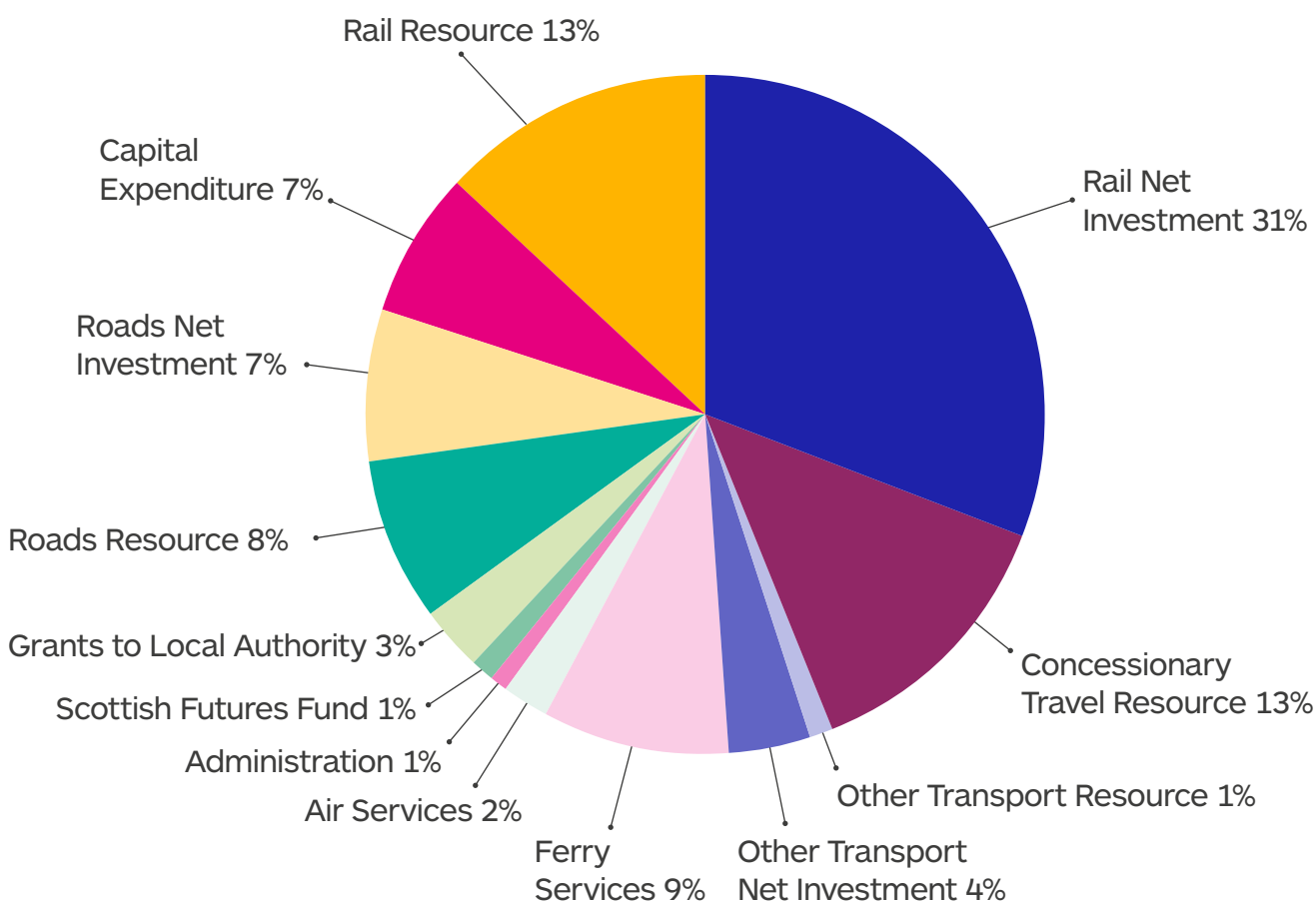


	<b>2022-23</b> <b>£000s</b>
<b>Net Operating Costs from SoCNE</b>	<b>3,130,198</b>
Add HMT Adjustments that do not go through the SoCNE	<b>657,888</b>
Add: Additions to PPE (Note 6)	169,353
Add: Additions to Right of Use (Note 6a)	28,409
Add: Additions to Investments (Note 9)	60,523
Less: Disposals of PPE (Note 6)	(790)
Less: Repayments of Investments (Note 9)	(11,352)
<b>Outturn</b>	<b>4,034,227</b>



The majority of Transport Scotland’s budget is spent, either directly or indirectly, with external suppliers. Only 1% is utilised on the on-going agency running costs, i.e., staff

and premises. The chart below shows the percentage spent on each of the main areas of service provision identified in the budget.



- Rail Net Investment 31%
- Concessionary Travel Resource 13%
- Other Transport Resource 1%
- Other Transport Net Investment 4%
- Ferry Services 9%
- Air Services 2%
- Administration 1%
- Scottish Futures Fund 1%
- Grants to Local Authority 3%
- Roads Resource 8%
- Roads Net Investment 7%
- Capital Expenditure 7%
- Rail Resource 13%

**Pie Chart:** Spend on service provision



## Balance sheet analysis

Transport Scotland's asset base is £28 billion, the majority of which relates to the trunk road network (£27.6 billion). Movement in the balance this year primarily relates to additions in the year due to the completion of the A77 Maybole Bypass and the A92/96 Haudagain Improvement Project, in addition to a review of historic roads projects as well as the impact of the revaluation exercise. On 31 March 2023, Transport Scotland did not hold any assets available for sale.

There has been an increase in Financial Assets of £41 million which is mainly driven by an increase in voted loan funding.

There has been an increase in Right of Use Assets of £28 million and this relates to the lease that has been entered into for Bothwell Street which will be the new premises for Transport Scotland in early 2024.

There has been an increase of £21 million within trade and other receivables and a decrease of £100 million within trade and other payables in year. The main reason for this large decrease in payables is due to the level of accruals in year. These have decreased substantially as a result of an in depth review of accruals balances from 2021-22 and 2022-23.

Increase in Financial Assets of  
**£41 million**

Increase in Right of Use Assets of  
**£28 million**

Increase within trade  
receivables of  
**£21 million**

Decrease within trade and other  
payables in year of  
**£100 million**



# Environmental and Social Matters





# Environmental and social matters

## Working collaboratively

Our corporate support teams continue to forge strong working relationships with colleagues across all business areas in Transport Scotland, core Scottish Government and with external partners.

Our HR, Corporate Communications, Health and Safety and Workplace teams were responsible for managing our approach to a continued move to hybrid working and the relocation to our temporary headquarters in Glasgow city centre before we move to a permanent location at 177 Bothwell Street in 2024.

As part of this interim move, we have been able to provide and test a range of working environments and approaches for our people including a range of collaborative working spaces, flexible furniture options and hybrid working technology.

## Developing our people

Transport Scotland's ambition is to be a supportive and inclusive employer, with learning at its heart. In May 2022, we launched a new Learning and Development Strategy to nurture a learning culture in Transport Scotland where we develop the right skills at the right time, to help us deliver to the best of our ability for the people of Scotland. This includes a Self-Assessment Toolkit for individuals to consider their short-term learning, Career Conversation Toolkit for long-term goals and identifying Learning Leads in each Directorate to collect and share information to help us identify trends in learning requirements.

## Corporate systems

Post-pandemic our information technology team has worked closely with colleagues within Scottish Government to ensure that we remain well placed to benefit from new and emerging technologies. This has included the move to Office 365 services, which provide an up-to-date suite of Microsoft Office programmes which are also available from corporately owned mobile phones.

In addition, an upgrade has been delivered to various bespoke business systems used within the organisation. The upgrade to the CODA system used by procurement colleagues being of particular note, as it allows project managers to update procurement records themselves rather than rely on re-entry by procurement administrative staff.

## Information management and data protection

We comply with the overarching Scottish Government information governance strategy and the Records Management Plan. All information assets are recorded on the Scottish Government Information Asset Register (IAR). Each of our Directors is the Information Asset Owner (IAO) for their business areas and has been provided with the associated guidance and mandatory IAO training. In line with the Scottish Government Information Governance Strategy, deputy IAOs have also been identified to support the IAOs.



Throughout 2022-23 we have focused on ensuring compliance with key legislation and identifying actions for continuous improvement. This resulted in the delivery of the annual data protection and information governance check and report which included a number of recommendations to sustain existing good practice. This was supplemented by the on-going provision of advice, support and training on information handling policies and procedures.

All data subject rights requests were completed within the statutory timescales. We also continued to monitor correspondence response rates with weekly, monthly, and annual performance returns provided to our Chief Executive, Senior Management Team, and Business Managers.

## Sustainability

The Climate Change Team within the Environment and Sustainability team at Transport Scotland lead on corporate climate change mitigation, including the development and implementation of a Carbon Management Plan (CMP), associated targets and statutory annual reporting.

This year, we published the fourth iteration of our **Carbon Management Plan: Pathway to Net Zero 2022-27**, which sets out Transport Scotland's commitment to meeting the Scottish Government's net zero targets.

The Climate Change Team also leads on climate change adaptation on behalf of Transport Scotland and is responsible for overseeing delivery of the allocated sub-outcomes associated with the second Scottish Climate Change Adaptation Programme (SCCAP2).

Transport Scotland remains committed to delivering a safe, reliable, and well-adapted transport system which is prepared for the impacts associated with climate change. During the next financial year, we will publish our Approach to Climate Change Adaptation and Resilience (ACCAR). This work will directly support the third SCCAP, due to be published by the Scottish Government in 2024.

## The statistics

Throughout the last year, climate change has continued to be a primary focus for both Scotland and Transport Scotland. The nation is now seeing the effects of climate change and adaptation, alongside mitigation, is becoming a focus to ensure our transportation networks remain resilient.

In response to the Scottish Government's updated Climate Change Plan and net zero targets, in March 2023 Transport Scotland published the next iteration of our CMP. This plan outlines a pathway to 2027 for the agency to meet net zero emissions by reducing the impact on the environment across our corporate functions. We aim to be zero direct emissions by 2025, net zero for scope 2 emissions by 2025 and all indirect emissions net zero by 2045.

Within the CMP, we have redefined our corporate boundary and widened the scope of data collection to include the 'scope of influence'. This is where we aim to identify areas where the agency can work with stakeholders to reduce emissions in our supply chain.

During 2022-23 we have seen a slight reduction in our overall corporate emissions. A hybrid



approach to working has been operating and with approximately 43% of staff in our offices on average, our home working emissions have decreased. Increases in occupancy rates alongside an interim move to Atlantic Quay, upon vacating Buchanan House, means we have seen reduced building related emissions, more significantly in gas usage. This has led to building energy savings of 16%. The contribution of Waste energy rather than landfill has seen a substantial saving of 88%.

Business travel has returned to pre-pandemic levels and under the CMP we aim to strengthen our business travel position statement and

ensure that active and public transport is always considered as the first option. Overall, in 2022-23, we have reduced our footprint by 4%.

Next year, we aim to build upon the commitments in our CMP to ensure we meet our ambitious net zero goals, continue to work closely with our colleagues and enhance relationships with stakeholders to facilitate climate action in our supply chain. We will also continue as a leading public sector body in Scotland to sequester carbon on our estate and prime ourselves for meeting net zero emissions whilst supporting nature and local biodiversity.

### Corporate Carbon Emissions 2022-23<sup>1</sup>

Element	Metric	Baseline 2015-16	Actual in 2021-22	Actual in 2022-23	% change compared to previous year
<b>Total Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>22,222</b>	<b>5,795</b>	<b>5,570</b>	- 4%
<b>Gas</b>	tCO <sub>2</sub> e	265	130	43.69	- 66%
<b>Electricity</b>	tCO <sub>2</sub> e	20,137	5,480	5,257	- 4%
<b>Water</b>	tCO <sub>2</sub> e	3.13	0.55	0.48	- 13%
<b>Waste</b>	tCO <sub>2</sub> e	2.02	4.13	0.50	- 88%
<b>Business Travel</b>	tCO <sub>2</sub> e	188	26.55	139.79	+ 81%
<b>Commuter Travel</b>	tCO <sub>2</sub> e	156	7.35	38.79	+ 81%
<b>Home Working</b>	tCO <sub>2</sub> e	-	146	90	- 38%

<sup>1</sup> tCO<sub>2</sub>e figures are based on the UK Department for Business, Energy, and Industrial Strategy (BEIS) Greenhouse Gas Reporting Conversion Factors – these are updated annually.

# Social inclusion and community benefits



## Women and girls' safety on public transport

In 2022, the Minister for Transport announced that the Scottish Government would consult on the safety of women and girls when using public transport. In response to this, social researchers from Transport Scotland designed and delivered an innovative research programme on the issue of women and girls' safety on public transport.

For the first time, the programme brought together the views of women and girls who use and work on the public transport network, making recommendations geared to improving transport accessibility and therefore women's mobility, and also operational issues for female transport staff.

The final research report was published in March 2023 Women's and girls' views and experiences of personal safety when using public transport / Transport Scotland. This features ten recommendations for the Scottish Government, Local Authorities, Police Scotland, and the British Transport Police. The recommendations were the focus of a parliamentary debate, with a motion passed in the Scottish Parliament to note the recommendations and to take these forward on a cross-party basis.

The work highlights that safety is a concern for women and girls who use or work on public transport as part of their day to day lives. The research concludes that women and girls are being forced to adapt their own behaviour and change their travel habits in order to feel safe on public transport. Safety concerns affect women and girls' mobility and therefore access to services, social and cultural events, and employment.

The recommendations that will be taken forward aim to improve this and bring benefits to women and girls across the country by:

- Improving access and use of public transport – by improving awareness of available tools and support for women and girls who feel vulnerable on public transport; and promoting safe home from work options for transport workers.
- Addressing key concerns of women and girls – by looking at strengthening rules around permissible behaviour and increasing penalties for non-compliance.
- Encouraging relevant organisations to support this agenda – by having effective safeguarding practices in place.

The research has also fed into wider policies such as that on Violence Against Women and Girls, helping to shape interventions which will bring further benefits for women and girls across Scotland.





## A9 dualling programme

Ahead of the main construction work, a number of social, community and educational benefits have been delivered as part of advance works contracts related to enabling works near Tomatin Distillery and archaeological investigations.

### Advance Works

As part of the advance works near Tomatin Distillery the contractor delivered the following:

- One completed university placement
- Fourteen qualifications achieved by the workforce
- Four jobs advertised and filled through the local job centre
- Six contracts awarded to Small to Medium Enterprises to the combined value of £500,000
- One supply contract awarded to Social Enterprises to the value of £8000.

The project also delivered a number of community engagement activities to benefit the local area including a community enhancement project for the Strathdearn Community Development Trust, which included fencing, installation of a culvert and drainage works to assist with a local community housing project, meetings with the local community council to provide regular contact and updates on the project. In addition, felled timber was donated to a local firewood business, excavated tree stumps were donated to a local sawmill and excavated peat was donated to a local mushroom farm.

## Archaeological Investigation

Through our contract for archaeological investigation works our contractor delivered the following:

- Educational outreach engagement sessions with four local schools between December 2022 and February 2023.
- Engagement with over one hundred pupils in both primary and secondary grades
- Three educational archaeology videos covering the three key phases of archaeology including desk study, intrusive and non-intrusive investigation, and post-excavation reporting.

The outreach engagement sessions provided an introduction to archaeology, focusing on all of the key time periods in Scottish archaeology including practical demonstrations and activities such as artefact handling, ecofact handling, crop mark making and Pictish stone symbol painting, which were well received by the local pupils.



A9 dualling



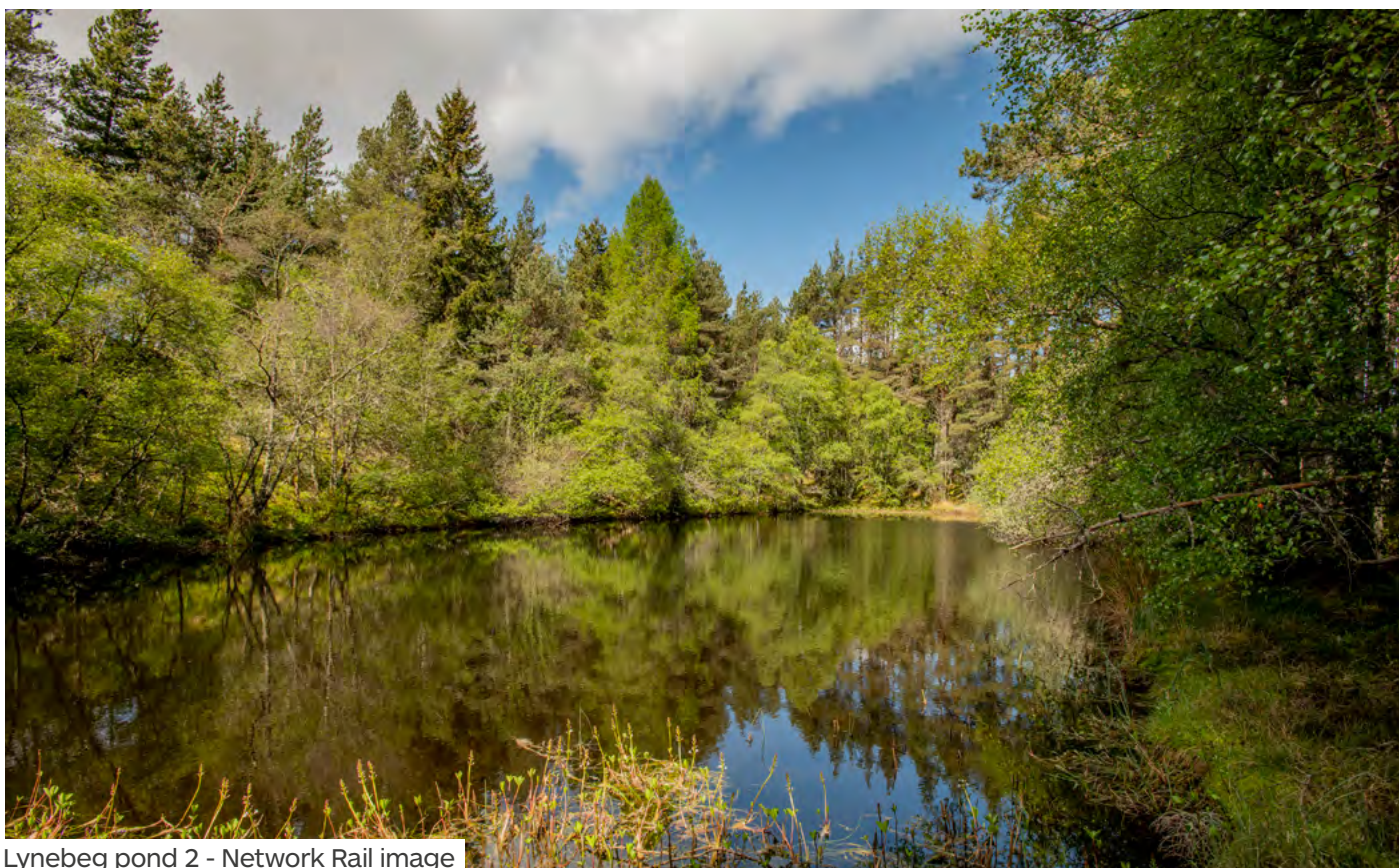
## Lynebeg ecological pond

We have also funded a package of advance works undertaken on our behalf by Network Rail to deliver a replacement rail bridge at Lynebeg. As part of these works, a replacement ecological pond was constructed to help protect the habitat that supports a rare sub-species of the caddisfly to enable its future translocation to the new pond.

The works also included landscaping works such as wetland planting to further benefit the wider ecology in the area. Work finished in June 2022 and the habitat has time to establish before existing pond vegetation and features will be translocated.



Lynebeg pond 1 - Network Rail image



Lynebeg pond 2 - Network Rail image



## Academy9

We continue to deliver the award-winning, Academy9 educational initiative. In addition to promoting learning in relation to STEM (Science, Technology, Engineering and Maths) subjects in schools, the programme increases pupils' awareness of civil engineering-related careers. Academy9 has this year continued its events with over two hundred pupil and thirty teacher engagements, bringing the total to date to over 7,300 pupil and 890 teacher engagements along the length of the A9.

We continued to deliver an educational programme during the Covid-19 pandemic by digitising some of our core events, where appropriate and practicable, and creating some new online events, both further aligning with the Scottish Government's digital e-learning and teaching strategy. As a result, we now offer a more flexible delivery programme.

Now that schools and their teachers and senior management teams throughout the A9 dualling corridor have returned to a stabilised curriculum, the Academy9 team are delighted to be back in schools delivering a full programme of events and activities in the current academic year.

Academy9's 'Sustainable Solutions – Roads of the Future Challenge – a challenge' event (for primary and secondary pupils) is based on the UN's Sustainable Development Goals. Following a successful event during COP 26 in November 2021, involving schools from the A9 dualling corridor Glasgow and Birmingham, another event was held at the end of May 2023.

Demonstrating that Academy9 is an award-winning initiative, we have been shortlisted in the 'Best Practice – Knowledge Sharing' category at the CIEEM (Chartered Institute for Ecology and Environmental Management) Awards 2023 which are to be held in Birmingham in June 2023.



A9 Community Benefits - Academy 9



## A92/A96 Haudagain improvement

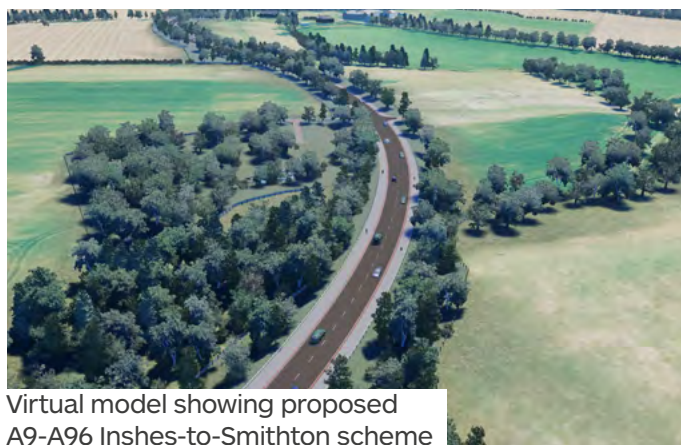
The project has provided 145 community engagement activities, 16 work placements for school pupils, college and university students and employment opportunities for 7 apprentices and 5 graduates. The project continued to provide community benefits through into Spring 2022, with active travel interactive events with local schools.



Middlefield community project - A92-A96 Haudagain

## A9/A96 Inshes to Smithton and A9/A82 Longman junction improvement schemes

As part of the delivery of the A9/A82 Longman Junction Improvement and A9/A96 Inshes to Smithton schemes, Transport Scotland and their consultant, Jacobs, have engaged with several schools and local organisations to provide educational support, supply equipment and to facilitate STEAM (Science, Technology, Engineering, Arts and Maths) related activities. Engagement has been carried out with a significant number of schools within Inverness and the surrounding areas which has been well received by pupils and teachers alike. In addition to direct engagement with schools, the projects have also facilitated engagement at events or with local organisations, such as the Inverness Science Festival, the Highland Celebration of Engineering, the Highland Home Education Group, a Beaver colony, pre-schools, after school clubs and career fairs.



Virtual model showing proposed A9-A96 Inshes-to-Smithton scheme



Virtual model showing A9-A82 Longman Junction improvement scheme



## Sustainable procurement

We continue to undertake our procurement activity in a sustainable manner by ensuring that each project procurement strategy considers sustainability and utilises collaborative contracts where appropriate. As well as including fair work and carbon requirements in our procurements, we remain at the forefront of implementing community benefits into our contracts and promoting our procurements to provide opportunities for SMEs and Supported Businesses. Details of our procurement spend figures will be published in Transport Scotland's Annual Procurement Report later in 2023.

## Ferry services

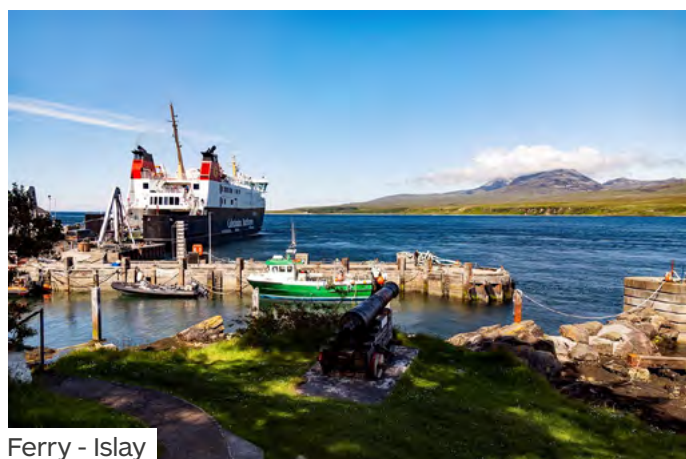
CalMac Ferries Limited (CFL) engage regularly with relevant stakeholders and in the market when procuring services so that community benefits reflect relevant community needs across their business. For example, this includes targeted employment and training such as modern apprenticeships and seafarer training; education support initiatives such as placements and school visits; enabling SMEs, third sector and supported businesses to compete for business as contractors or sub-contractors and other community initiatives. They also have a successful community fund to support local causes.

Serco Northlink Ferries (SNF) endeavour where possible to ensure the supply chain is within a 50-mile radius of ports or are island

based to allow Serco to support the island economies and mainland communities in which they operate. SNF also sponsor Shetland Junior Football Association for the next two years, and both are working together on designs for the home and away strips.

Onboard SNF promotes products made by the social enterprise COPE Ltd through their brand Shetland Soap, which enables those with learning or physical disabilities to gain employment in Shetland. They also promote food lines that have been produced in Shetland, Orkney, and Caithness. The team work closely with the island craft associations and host 'Meet the Buyer' days on a regular basis.

Caledonian Maritime Assets Limited provide a range of community benefits through provision and maintenance of infrastructure, including the use of locally based contractors and subcontractors. They also have a community fund and are involved in supporting local causes.



Ferry - Islay

# Looking Ahead





# Looking ahead

As an agency of the Scottish Government, we remain focused on the national outcomes of the National Performance Framework, priorities of the National Transport Strategy and the missions of equality, opportunity and community set out by the First Minister.

This includes:

- The contribution of transport to the Climate Change Plan and achieving Scotland's commitment to be net zero by 2045.
- Making our public transport system more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society.
- Making progress on our target to reduce car kilometres by 20% by 2030. This including more 20 mph zones, improved road safety and Low Emission Zones in our four largest cities.
- Investing in spaces where people can walk, wheel and cycle safely and confidently, when undertaking short everyday journeys, and ensuring there are more spaces that put people first, not cars, with the development of active travel freeways underway.
- Delivering a higher proportion of zero-emission vehicles on our roads, doubling the electric charge point network to at least 6,000, continuing to grow the zero emission bus fleet, and electrifying the Barrhead to Glasgow rail line.
- Delivering six new major vessels on the ferry network, adapting our strategic road and rail networks including opening the East Linton station and the Levenmouth rail link, improving the resilience of the transport network to climate change impacts, with our immediate focus on the medium term solution for the A83 Rest and Be Thankful, whilst progressing the permanent solution, and continuing the dualling of the A9 between Perth and Inverness.

These actions, alongside others, will not only help tackle climate change but also improve our air quality, contributing to our aim for Scotland to have the best air quality in Europe.



## Future spending plans

The Scottish Draft Budget 2023-24 provides details of our spending plans that will help deliver sustainable economic growth. The below are the Budgets that were profiled in line with the **Scottish Government Budget 2023-24**

Transport Scotland 2023-24	£000s
Resource Operating Costs	1,394,768
Resource - Investment	1,536,736
Resource Depreciation (Non-Cash)	170,591
Financial Transactions	0
Capital	331,791
PFI Resource (ODEL)	104,573
<b>Total SG Funding</b>	<b>3,538,459</b>

The going concern basis has been used in preparation of this Annual Report and Accounts as all activities performed by Transport Scotland are expected to continue for the foreseeable future.

*Alison Irvine*

Alison Irvine

Interim Chief Executive

21 August 2023



# Accountability





# Accountability Report

The purpose of the accountability report is to meet key accountability requirements of the HM Treasury's Financial Reporting Manual for 2022-23. It includes the Corporate Governance Report, the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report.

## Corporate Governance report

The Corporate Governance Report describes Transport Scotland's governance structures and how they achieve the agency's objectives. It comprises the Directors' Report, the Statement of Accountable Officer's Responsibilities, and the Governance Statement.

## Directors' report

### Relationship with Scottish Government

Scottish Ministers are responsible for determining the overall policy and resources framework within which Transport Scotland operates. Until 30 March 2023, Jenny Gilruth MSP was the Minister for Transport and supported Michael Matheson MSP in his role as the Cabinet Secretary for Net Zero, Energy and Transport.

Following the new Scottish Cabinet being announced in March 2023, Kevin Stewart MSP was appointed as Minister for Transport on 30 March 2023, supporting Màiri McAllan MSP in her role as the Cabinet Secretary for Net Zero and Just Transition.

Following the resignation of Kevin Stewart MSP on 6 June 2023, the Cabinet Secretary's remit was expanded to include Transport, Net Zero and Just Transition. Màiri McAllan MSP is now supported by Fiona Hyslop MSP as Minister for Transport.

Throughout the period, Patrick Harvie MSP, Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights, has had responsibility for active travel and the Future Transport Fund, which fall within the remit of Transport Scotland.

Transport Scotland forms part of the Net Zero Portfolio overseen by Director General (DG) Net Zero, Roy Brannen. The relationship between Transport Scotland, DG Portfolio and the wider Scottish Government is outlined within the agency's **Framework Document**.

### The Chief Executive

The Chief Executive is the Accountable Officer to Transport Scotland. They are appointed by the Permanent Secretary as Principle Accountable Officer for the Scottish Government under the terms set out in their letter of appointment, in line with the Scottish Public Finance Manual.

The Chief Executive is supported by the Transport Scotland Senior Management Team, comprised of nine Executive Directors with specific responsibilities delegated from the Chief Executive, in addition to a direct support team and secretariat responsible for handling official correspondence. The Executive Directors are, in turn, supported by their own staff, with responsibilities aligned to Transport Scotland's corporate objectives.



### Transport Scotland Directors:

- Alison Irvine, interim Chief Executive (from 20 March 2023)
- Michelle Quinn, interim Chief Executive (4 July 2022 - 19 March 2023)
- Hugh Gillies, Director (interim Chief Executive until 3 July 2022; Director since 4 July 2022)
- Kerry Twyman – Finance and Corporate Services
- Bill Reeve – Rail
- Lawrence Shackman – Major Projects
- Bettina Sizeland – Bus Accessibility and Active Travel
- Roddy Macdonald – Ferries (from 19 December 2022)<sup>2</sup>
- Stuart Greig – Low Carbon Economy (until 10 March 2023; director responsibilities lay with the Chief Executive until appointment of Morna Cannon as Interim Director on 1 May 2023)
- Frances Pacitti – Aviation, Maritime, Freight and Canals (until 17 March 2023; director responsibilities lay with the Chief Executive until appointment of Gary Cox as Interim Director on 1 May 2023)
- Fiona Brown – Transport Strategy and Analysis (interim from 11 January 2022)
- Stewart Leggett – Roads (interim from 29 November 2021)

### Audit and Risk Committee

The external Members of the Transport Scotland Audit and Risk Committee provide the Chief Executive with further assurance in that role and by being members of major project boards. Throughout the reporting period, the Audit and Risk Committee was chaired by John Matheson. He is joined on the Committee by Lesley MacLeod and Graeme Dickson.

<sup>2</sup> This is a new post. Responsibility for Ferries previously lay within the remit of the AMFC Director.



## Directors' Register of Interests

Name	Position	Interests
Fiona Brown	Director of Transport Strategy and Analysis (interim)  From 11 January 2022	<ul style="list-style-type: none"> <li>Chartered Engineer, C Eng</li> <li>Member of the Chartered Institution of Highways and Transportation, MCIHT</li> <li>Member and volunteer with Women in Transport</li> </ul>
Hugh Gillies	Chief Executive Until 3 July 2022  Director from 4 July 2022	<ul style="list-style-type: none"> <li>Small share holdings in Lloyds TSB and Banco Santander</li> <li>Small Share holding in Brew Dog</li> <li>Member of Stewarton Bonnet Guild (local children's gala committee)</li> <li>Chartered Engineer, C Eng</li> <li>Member of the Institution of Civil Engineers, MICE</li> <li>Fellow of the Chartered Institution of Highways and Transportation, MCIHT</li> <li>Transport Planning Professional, TPP</li> </ul>
Stuart Greig	Director of Low Carbon Economy  Left post on 10 March 2023	<ul style="list-style-type: none"> <li>Director of newly constituted residents' association company (September 2020), which has been established for the purpose of dealing with historic land ownership issues in my housing estate. No commercial interests.</li> <li>Father is a Director of two limited companies, Transport Training Technologies and E-qualify that provide on-line learning and consultancy services for the passenger transport sector.</li> </ul>
Alison Irvine	Chief Executive  From 20 March 2023	<ul style="list-style-type: none"> <li>Member of Heriot Watt University's Civil Engineering Strategic Advisory Board</li> <li>Chartered Engineer, C Eng Member of the Institution of Civil Engineers</li> <li>MICE Fellow of the Chartered Institution of Highways and Transportation, MCIHT</li> <li>Judge for the Scottish Transport Awards</li> <li>Husband is a director and shareholder IH Property Investment Ltd, All Property Mgt Ltd and Drumcarron Property Group Ltd</li> </ul>



Name	Position	Interests
Stewart Leggett	Director of Roads (interim)  From 29 November 2021	<ul style="list-style-type: none"> <li>Trustee on the Board of the West of Scotland's Deaf Children's Society charity.</li> </ul>
Roddy Macdonald	Director of Ferries  From 19 December 2022	<ul style="list-style-type: none"> <li>Member of Advisory Board and Programme Committee of Scottish Universities Insight Institute</li> <li>Member of Bespoke Community Development Company</li> <li>Member of Glasgow Vintage Vehicle Trust</li> </ul>
Frances Pacitti	Director of Aviation, Maritime, Freight and Canals  Left post 17 March 2023	<ul style="list-style-type: none"> <li>Associate Member of Royal Town Planning Institute</li> <li>Member of Law Society of Scotland</li> </ul>
Michelle Quinn	Chief Executive From 4 July 2022  Left post on 19 March 2023	<ul style="list-style-type: none"> <li>Member of the Institution of Civil Engineers</li> </ul>
Bill Reeve	Director of Rail	<ul style="list-style-type: none"> <li>Fellow of Institution of Mechanical Engineers, Member of Scottish Centre Committee of Railway Division of IMechE and Head Judge of IMechE Railway Challenge competition (no remuneration).</li> <li>100 Banco Santander Shares</li> <li>Membership of Bluebell Railway Preservation Society and Scottish Railway Preservation Society</li> <li>Member of the BR section of the Railway Pension Scheme</li> <li>Director of SG owned Caledonian Sleeper Ltd., to facilitate transfer of Sleeper Franchise to Scottish Government Operator of Last Resort control from 25 June 2023.</li> </ul>
Lawrence Shackman	Director of Major Projects	<ul style="list-style-type: none"> <li>Fellow of the Institution of Civil Engineers (ICE) and the Chartered Institution of Highways and Transportation (CIHT)</li> </ul>



Name	Position	Interests
		<ul style="list-style-type: none"> <li>Previously Chair of ICE Scotland and ICE Glasgow and West of Scotland Branch</li> <li>Small share holdings in BT Group, Banco Santander and IAG</li> <li>Judge for the Construction News</li> </ul>
Bettina Sizeland	Director of Bus, Accessibility and Active Travel	<ul style="list-style-type: none"> <li>Member of Institution of Civil Engineers.</li> <li>Non-executive Director, Argyll College Highlands, and Islands University</li> <li>Member of Cramond Boat Club</li> </ul>
Kerry Twyman	Director of Finance and Corporate Services	<ul style="list-style-type: none"> <li>Member of Institute of Chartered Accountants in England and Wales</li> <li>Recipient of EV and renewable technology loans from the Energy Saving Trust</li> </ul>

### Audit and Risk Committee External Members' Register of Interests

Name	Position	Interests
John Matheson	Chair; external Member	<ul style="list-style-type: none"> <li>Member of Doctors and Dentists Review Board</li> <li>Consultant, CGI</li> <li>Consultant, DHI University of Strathclyde</li> <li>Director and Trustee, Edinburgh Sculpture Workshop (since September 2016)</li> <li>Advisor to CIPFA</li> </ul>
Graeme Dickson	External Member	<ul style="list-style-type: none"> <li>Director and Trustee, Edinburgh Sculpture Workshop (since September 2016)</li> <li>Charity Trustee, Keep Scotland Beautiful (since May 2018)</li> <li>Member of Court and Audit and Risk Committee of Heriot-Watt University (since August 2018)</li> <li>Fellow, Royal Society of Arts (since February 2020)</li> <li>Share ISA, Nutmeg plc.</li> <li>Share ISA, RBS</li> <li>Pension Fund, Scottish Widows</li> </ul>
Lesley MacLeod	External Member	<ul style="list-style-type: none"> <li>None declared</li> </ul>



## Other disclosures

### Personal Data Related Incidents

There were no personal data-related incidents reported to the Information Commissioner's Office (ICO) in 2022-23 (2021-22: None).

### Supplier Payment Policy

We are committed to prompt payment of bills for goods and services in compliance with the Scottish Government's Public Finance Manual. We aim to settle all undisputed invoices within contract terms and also in line with the Scottish Government 10-day payment policy. We settled 95% of invoices within this timescale within 2022-23 (2021-22: 96%).

### Basis of Accounts

The Transport Scotland accounts are prepared in accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. This can be found at page 169.

## Departmental Accounting

These accounts reflect the assets and liabilities of Transport Scotland at 31 March 2023, and the financial results of the agency for financial year 2022-23, as required by and defined in the Government Financial Reporting Manual (FRoM). As an Executive Agency of the Scottish Government, Transport Scotland falls within the reporting boundary and is consolidated within the Scottish Government accounts, as required by the FRoM.

### Auditors

The financial statements for 2022-23 were audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the notional fee for this service was £190,640 (2021-22: £189,960), which related solely to the provision of the statutory audit service. There were no payments made for non-audit work in the year.



## Statement of Accountable Officer's responsibilities

Under Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed Transport Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Transport Scotland and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the **Government Financial Reporting Manual** and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether the applicable accounting standards as set out in the **Government Financial Reporting Manual** have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced, and understandable and take personal

responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Transport Scotland as Accountable Officer for the agency. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of Transport Scotland, as set out in the Memorandum to Accountable Officers issued by the Scottish Government.

The Accountable Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors of Transport Scotland are aware of that information. As far as she is aware, there is no relevant audit information of which the auditors are unaware.

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Transport Scotland as its Accountable Officer. She is personally answerable to the Scottish Parliament for the propriety and regularity of Transport Scotland activities and for the economical, efficient, and effective use of all associated resources. The Accountable Officer is also responsible for signing the accounts of Transport Scotland.





## Governance Statement

### Corporate Governance Framework

The corporate governance framework is comprised of the systems, processes, culture, and values by which Transport Scotland is directed and controlled. It is concerned with the structures and procedures of decision making and accountability. It is used to monitor the achievement of corporate outcomes within the organisation.

The framework includes, but is not limited to, the responsibilities of the Chief Executive, the Senior Management Team, the Investment Decision Making Board and the Audit and Risk Committee.

According to the **Scottish Government and Executive Agencies Accountability and Governance Policy**, the Agency Chief Executive determines the appropriate structures for managing the operations of their Agency. This may take the form of a Management Advisory Board, which includes Non-Executive Directors, or by a Senior Management Team, operating as an advisory board without Non-Executive Directors. Transport Scotland adheres to the latter structure and therefore does not have a Board. Information relating to the Agency's Senior Management Team is available below.

### The Chief Executive

The Chief Executive, as the agency's Accountable Officer, is responsible for maintaining a sound system of internal control that supports the achievement of Transport Scotland's policies, aims and objectives as set out by Scottish Ministers, while safeguarding the public funds and departmental assets

for which she is responsible, in accordance with the Scottish Public Finance Manual.

### The Senior Management Team

The Chief Executive is supported in discharging their duties by a Senior Management Team (SMT), an advisory body of nine Directors. In 2022-23, the SMT met on a weekly basis and provided support, advice, and challenge on a number of areas, including:

- Transport Scotland's values, vision, strategy, and objectives
- Corporate performance, including policy across the remit of Transport Scotland and the operation of the transport network
- Governance and delivery of projects
- Ensuring that Transport Scotland has the necessary financial, human, infrastructural and physical resources to deliver on its objectives
- Assurance on risk management, governance, and internal control.

### Investment Decision Making Board

The Investment Decision Making Board (IDM) is a forum where Directors meet to agree on investment decisions within Transport Scotland, providing the Chief Executive Officer with assurances on:

- Value for money
- Financial implications (current year and future commitments)
- Fit with overall transport policy and strategic aims
- Technical assessment of options
- Procurement advice.



IDM is a management forum used to ensure delivery of the business targets and strategic direction agreed by the SMT and Ministers. It is not a sub-committee of the SMT, but minutes of IDM are circulated to SMT members for information.

The Chief Executive, as Accountable Officer, is the Investment Decision Maker within Transport Scotland. They may call on both Transport Scotland Directors and external experts to provide them with advice on the decisions to be made.

### Project Boards

Some projects, due to their wider implications beyond Transport Scotland, have separately constructed Projects Boards. These operate within a bespoke Investment Decision Making structure but retain the Chief Executive as the Investment Decision Maker. The decision making process for these structures is consistent with the principles of the IDM Board.

### Audit and Risk Committee

The Audit and Risk Committee is comprised of external members who bring constructive challenge and independent judgement to the governance of Transport Scotland. It meets four times per year, although the Chair has the power to convene additional meetings if required. The Chair also meets regularly with the Chief Executive and the Director of Finance and Corporate Services to keep abreast of developments.

In addition to the Committee's members, it is normally attended by the Chief

Executive, the Director of Finance and Corporate Services, a representative of internal audit and a representative of Audit Scotland. Other Transport Scotland officials may also attend to support the consideration of specific issues as required.

The Audit and Risk Committee advises on risk management, control and governance, audit and the approval of the annual report and accounts, and assurances on corporate governance. The external members are also invited to participate in boards appointed for the governance, approval and oversight of major projects, investments, and climate change.

The Audit and Risk Committee receives copies of minutes of the weekly Senior Management Team meetings, as well as the monthly finance reports. It also meets with Directors biennially on an individual basis, as well as with representatives of internal and external audit privately on an annual basis.

The Committee produces an Annual Report, which supports this Governance Statement. This report summarises the Committee's work over the reporting period and assesses:

- The reliability and comprehensiveness of assurances received
- Issues pertinent to this governance statement
- Financial reporting
- The quality of both internal and external audit
- Its view of its own effectiveness.



The Audit and Risk Committee met five times over the reporting period on 26 April 2022, 22 August 2022, 6 October 2022, 21 November 2022, and 23 January 2023. Its members over this period were:

- John Matheson – Chair (attended four of five meetings)
- Lesley MacLeod – Member (attended all meetings)
- Graeme Dickson – Member (attended three of five meetings).

The Committee has considered the annual report and accounts and the Accountable Officer has taken account of, and confidence from, their comments and observations prior to signing this governance statement and the other parts of the annual report and accounts.

### Best value

All public bodies in Scotland are responsible for achieving Best Value through sound governance, good management, public reporting on performance and a focus on improvement. Best Value provides a common framework for continuous improvement in public services in Scotland and is a key foundation of the Scottish Government's Public Service Reform agenda.

Transport Scotland operates on the basis of continuous improvement and progress continues to be made across all business areas to improve, document, and enhance systems and processes.

### Risk management

Risks are managed at the level most able to deal with them, with the most serious risks being escalated to the Senior Management Team, and where appropriate, to the Director General Net Zero.

Our Risk Management Framework seeks to set out our approach to risk management and it continues to be reviewed and enhanced (in line with arrangements in Scottish Government) to improve the transparency of our systematic approach, identify risks and to link them to Corporate Planning and Objectives. The Risk Framework provides additional guidance on assessing risks and their impact, with a scoring system that recognises both likelihood and impact.

There is a robust framework of responsibility for risk management in accordance with the Scottish Public Finance Manual. The system for assessment and control of risk is as follows:

- The Chief Executive reviews the strategic and operational risks to achieving the objectives of Transport Scotland, in conjunction with the Directors, regularly at Senior Management Team meetings
- The Audit and Risk Committee provides oversight of our risk management processes and strategy and Corporate Risk Register
- Managers identify and evaluate risks to delivering objectives successfully when they prepare and review their plans
- The Chief Executive meets regularly with the Directors and Ministers, where both strategic and operational matters are discussed.



## Risk Management Group

The Risk Management Group is appointed by the Senior Management Team to review, oversee and advise the SMT on the Transport Scotland Risk Register and risk management processes. Chaired by the Director of Finance and Corporate Services, it has representation from each of the Directorates and meets every three months, aligned to Directorate SMTs and the DG Assurance process.

## Risk Review Group

Members of the Risk Management Group also attend the Risk Review Group. This is chaired by the Transport Scotland Risk Champion and meets on a monthly basis. The role of this group is to provide a forum for members to discuss the approach to risk in their Directorate, horizon scanning for potential emerging risks that may impact the organisation as a whole and identifying risks for recommendation for urgent escalation to the Transport Scotland Corporate Risk Register in between Risk Management Group meetings via the Director of Finance and Corporate Services.

## Risk appetite

Transport Scotland aligns with the agreed risk appetite for the wider Director General Net Zero Portfolio.

## Key risks

Throughout the financial year 2022-23, we have continued to identify and manage organisational risks. The most significant risks identified were as follows:

- **Financial** - Budgeting
- **Operational** - Trunk Road Maintenance  
Clyde-Hebrides Ferry Services  
Significant Incidents  
Asset Management - Sponsored Bodies
- **Project and Programme** -  
Climate Change Plan
- **Reputational** - Future Transport
- **Security** - Cyber Resilience
- **People** - Wellbeing.

Further detail on these risks is included in the performance report (pages 38-39)



## Managing information and information security

We are committed to ensuring information is managed and valued, with appropriate protection and use of our information assets. The handling of data and information carries significant risks, and we take information security very seriously, in compliance with Scottish Government sponsored and adopted Security Frameworks and Data Handling policies.

The Transport Scotland Agency Data Protection Officer oversees the process for handling security incidents and staff guidance is available on what to do in the event of a breach. All information security incidents are logged, and lessons learned exercises are carried out for all reported security incidents.

In addition, we follow the Scottish Government key principles for good information management in that:

- We treat information as a Scottish Government resource.
- We are all responsible for our information.
- We make information accessible to others who have a need to use it.
- We keep records of what we do.
- Our information is accurate and fit for purpose.
- Our information complies with regulations and legal requirements.

All our users of Information Technology must comply with the Scottish Government Code of Conduct.

All staff are required to complete a mandatory General Data Protection Regulation (GDPR) e-learning course on an annual basis. The Information Governance and Data Protection team regularly monitors completion rates and issues reminders where required.

During the year 2022-23, no incidents relating to personal data were reported to the Information Commissioner's Office (ICO) (2021-22: None).

### Counter fraud

All cases of actual or suspected fraud are investigated promptly and appropriate action is taken, in accordance with our fraud, bribery and whistleblowing procedures, which specify how cases will be dealt with and how staff can report suspicions or concerns.

Our Fraud Officer updates these procedures in our Fraud Response Plan, which is reviewed annually, with updates communicated through staff notices and awareness sessions.

The Plan also includes a bespoke section on Cyber Resilience, in order to recognise its importance. Our ICT Team reviews and develops best practice, improves staff awareness, and monitors our bespoke systems against exposure. We are a pilot organisation for Cyber Resilience within Scottish Government and have achieved Cyber Essentials accreditation. Preparations began within 2022-23 to obtain Cyber Essentials Plus accreditation.

The Plan also contains further guidance and advice in relation to emerging and increasing fraud risks as a consequence of the Covid-19 pandemic and the transition out of it. This has



resulted in many significant new challenges for the public sector. We recognise that the need for heightened controls and robust governance is now greater than ever, so we continue to develop and to review mitigations in relation to potential Procurement and Mandate Fraud, as well as ensuring robust controls across all new ways of working and raising staff awareness.

We have continued to encourage staff to undertake training and review regular updates and staff notices distributed by the Fraud Officer, guiding colleagues, particularly to counter fraud eLearning training courses available on the Civil Service Learning website.

Details of cases of actual or attempted fraud that become known during the financial year are reported within the Fraud Log that is reviewed by the Audit and Risk Committee, together with responses and any further mitigation. There were three cases of suspected fraud highlighted during the year (2021-22: three). However, these continue to be investigated to ascertain if there is evidence of wrong doing or malpractice, or if these can safely be closed. Information continues to be shared with Police Scotland whether this is deemed appropriate.

There is a separate Concessionary Fares Fraud Team due its unique operating environment. We participate in the National Fraud Initiative (NFI) in Scotland, led by Audit Scotland, which matches electronic data within and between public and private sector bodies to prevent and detect fraud.

## Business continuity

Our Business Continuity Plan sets out our approach to dealing with events that could cause business interruption in our response to:

- Identify risks
- Establish clear areas of responsibility
- Ensure we can continue to provide essential functions and services
- Identify measures to recover / repair assets damaged or lost
- Identify a medium- and long-term recovery strategy.

The plan was reviewed in response to the Covid-19 pandemic to ensure that it remained fit for purpose and provided sufficient assurance.

We continued to mitigate the impact of EU withdrawal, following the preparation and communications between Ministers, Scottish Government, UK Government, and key partners in the process. This will involve staff across Directorates implementing the revised arrangements reflected in the UK Withdrawal Agreement that have an impact on procurement and international travel and freight.

Our Business Continuity Plan has been successfully deployed and demonstrated to operate effectively, with lessons learned reflected in updated plans. We also have a Cyber Incident Response Plan, which details how we will respond to any live cyber threat and provides guidance on processes and procedures that should be followed in response to any cyber incident.



In 2022-23, our staff moved to a more hybrid form of working. This comes after a few years of most staff working from home as a result of the Covid-19 pandemic. Our approach to hybrid working will continue to be phased and collaborative, and we have sought discussion and feedback from colleagues in order to make the transition safe and successful.

### Internal audit

The Scottish Government's Directorate for Internal Audit and Assurance (DIAA) reviews specific areas within Transport Scotland as identified and agreed in the Annual Audit Plan. After reviews have been undertaken, reports are submitted which provide an assurance rating to the Chief Executive.

The annual rating of Reasonable Assurance Controls provided by DIAA were reported as 'reasonable'. This is defined as 'controls are adequate but require improvement'. The annual rating was based on the assurance reviews and advisory activity undertaken over the year, the findings and actions put in place to address recommendations. A total of three assurance reviews were completed in-year as follows:

- Cyber resilience – Limited Assurance (three high, one medium and three low recommendations)
- Governance of Climate Change – Reasonable Assurance (5 medium and one low recommendation)
- Asset management – Substantial Assurance (one medium recommendation)

Transport Scotland continues to work with DIAA to progress and build actions to implement the recommendations, received in-year, as well as those carried forward from previous years, into our future work programme.

### External audit

Audit Scotland prepared an Annual Audit Report in November 2022 as part of their audit of the Annual Report and Accounts 2021-22 for Transport Scotland. The matters and recommendations found therein were raised and have either been addressed by management or actions have been put in place to address these within Transport Scotland.

### Whistleblowing

We are committed to ensuring a high standard of conduct in all that we do, with a duty to identify and remedy any area of malpractice. We achieve this through encouraging a culture in which employees feel confident to raise their concerns about potential wrongdoing. Employees can report any suspected wrongdoing through their own line management or via a Nominated Officer. All whistleblowing cases are investigated thoroughly, ensuring that lessons are learned to encourage continuous improvement. Transport Scotland follows the Scottish Government's **Raising a Concern under the Civil Service Code and Whistleblowing Policy**.

In 2022-23, there were no cases reported under the Whistleblowing Policy within Transport Scotland (2021-22: none).



## Review of effectiveness

I, as the Accountable Officer, have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of Internal Audit, Directors' assurance, the Audit and Risk Committee and external auditors.

Directors provide annual certificates of assurance covering their areas of responsibility. These are supported by completion of an internal control checklist on an annual basis, covering all areas of corporate governance.

In addition, we maintain an assurance map, which sets out both corporate and directorate processes that provide assurance on achievement of our objectives and identifies officers responsible for ensuring these are accurate and up to date. This document is shared with internal and external audit and reviewed by the Audit and Risk Committee.

Our internal audit is provided by the Scottish Government Internal Audit Directorate, and they submit regular reports to the Audit and Risk Committee on the adequacy and effectiveness of the organisation's system of internal control, together with any recommendations for improvement. Follow-up work is carried out to confirm the effective implementation of recommendations agreed as a result of the audits.

The Performance Audit Group (Turner and Townsend working in association with The Waterman Group, WSP and PriceWaterhouseCoopers) audits, monitors, and reports on an independent basis on the financial, technical and performance aspects of the work carried out by the Trunk Roads Operating Companies, and this provides external assurance for trunk road maintenance.

The Office for Road and Rail also reviews and reports on an independent basis on the financial, technical and performance aspects of Network Rail undertaking the operation, maintenance, and renewal of railway infrastructure in Scotland to provide assurance on the adequacy and value for money of the discharge of these obligations.

Audit Scotland external auditors assess the extent to which they can place reliance on the individual reviews undertaken by Internal Audit to inform their opinion on the financial statements, depending on their relevance.

On the basis of these assurances, I can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual (SPFM) were operational over the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts.





# Remuneration and Staff Report

Queensferry crossing  
road deck and cables  
by Jamie Kennedy



# Remuneration and Staff Report

This shows our remuneration policy for directors and reports on how it has been implemented, along with the amounts awarded to directors. There is also information on staffing structures, staff composition, policies, details on staff numbers and staff related expenditure.

## Remuneration report

### Remuneration policy

The remuneration of senior civil servants is set in accordance with the rules set out in chapter 7.1, Annex A of the Civil Service Management Code and in conjunction with independent advice from the **Senior Salaries Review Body** (SSRB). In reaching its recommendations, the SSRB is to have regard to the following considerations:

- The need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities.
- Regional / local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff.
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the Government's departmental expenditure limits.
- The Government's inflation target.

Performance-based pay awards are based on an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting

year. Performance will also have an effect on any bonus element awarded. In line with Scottish Public Sector Pay Policy, there will be no non-consolidated performance payments.

The remuneration of staff below senior civil service level is determined by the Scottish Government. In determining policy, account is taken of the need for pay to be set at a level, which will ensure the recruitment, retention, and motivation of staff. Also considered is the Government's policy on the Civil Service and public sector pay and the need to observe public spending controls.

### Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [Home - Civil Service Commission \(independent.gov.uk\)](https://www.independent.gov.uk)

Whilst Transport Scotland does not have a Board with non-executive directors, the Audit and Risk Committee has three external members to ensure independent oversight and challenge: John Matheson - appointed as chair in July 2017; Graeme Dickson - appointed on 7 March 2021; and Lesley MacLeod - appointed on 1 August 2021.



## Remuneration group

Remuneration for Transport Scotland's senior civil servants is considered by the Scottish Government's Remuneration Group. This Remuneration Group has six members, two of whom are non-executive Directors.

Their remit is to consider:

- Annual pay proposals for chief executives and board members and make recommendations to Ministers.
- Annual guidelines for flat rate increases for chief executives and senior civil servants and consider the Public Sector Pay policies which will apply for the annual pay round and make recommendations to Ministers.
- Pay remits which look at pay proposals for public bodies in Scotland

The Remuneration Group will, as a minimum, report annually to the Scottish Government Strategic Board.

The following section of the Remuneration Report pertaining to salaries and pensions is subject to audit.

## Directors' remuneration (Salary, benefits in kind and pensions)

The single total figure of remuneration, comprising the salary, the value of any bonuses or taxable benefits in kind and the pension benefits of the directors for the year 2022-23, along with comparative figures are shown in the table below.



Director	Salary		Bonus		Benefits in Kind		Pension Benefits		Total	
	2022-23 (£000)	2021-22 (£000)	2022-23	2021-22	2022-23	2021-22	2022-23 (£000)	2021-22 (£000)	2022-23 (£000)	2021-22 (£000)
<b>Fiona Brown</b> (Transport Strategy & Analysis)	<b>75-80</b>	20-25	-	-	-	-	<b>32</b>	7	<b>110-115</b>	30-35
<b>Hugh Gillies</b> (Chief Executive until 3rd July 2022)	<b>85-90</b>	85-90	-	-	-	-	<b>0</b>	45	<b>80-85</b>	125-130
<b>Stuart Greig</b> (Low Carbon Economy until 10 March 2023)	<b>80-85</b>	75-80	-	-	-	-	<b>32</b>	31	<b>110-115</b>	105-110
<b>Alison Irvine</b> (Chief Executive from 20 March 2023)	<b>0-5</b>	55-60	-	-	-	-	<b>1</b>	22	<b>0-5</b>	75-80
<b>Stewart Leggett</b> (Roads)	<b>80-85</b>	25-30	-	-	-	-	<b>22</b>	4	<b>105-110</b>	30-35
<b>Roddy Macdonald</b> (Ferries from 19 December 2022)	<b>25-30</b>	0	-	-	-	-	<b>0</b>	0	<b>15-20</b>	0
<b>Frances Pacitti</b> (Aviation, Maritime, Freight & Canals until 17 March 2023)	<b>80-85</b>	80-85	-	-	-	-	<b>32</b>	31	<b>110-115</b>	110-115
<b>Bill Reeve</b> (Rail)	<b>110-115</b>	110-115	-	-	-	-	<b>0</b>	0	<b>15-20</b>	55-60



Director	Salary		Bonus		Benefits in Kind		Pension Benefits		Total	
	2022-23 (£000)	2021-22 (£000)	2022-23	2021-22	2022-23	2021-22	2022-23 (£000)	2021-22 (£000)	2022-23 (£000)	2021-22 (£000)
<b>Michelle Quinn</b> (Chief Executive from 4th July 2022 – 19 March 2023)	<b>70-75</b>	0-5	-	-	-	-	<b>32</b>	1	<b>105-110</b>	5-10
<b>Lawrence Shackman</b> (Major Projects)	<b>80-85</b>	40-45	-	-	-	-	<b>16</b>	9	<b>95-100</b>	50-55
<b>Bettina Sizeland</b> (Bus Accessibility and Active Travel)	85-90	5-10	-	-	-	-	<b>23</b>	3	<b>105-110</b>	10-15
<b>Kerry Twyman</b> (Finance and Corporate Services)	<b>95-100</b>	75-80	-	-	-	-	<b>26</b>	44	<b>125-130</b>	120-125



## Single total figure of remuneration

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by twenty, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Hugh Gillies left the post of interim Chief Executive on 3 July 2022 and returned to a director post in Transport Scotland.

Stuart Greig left post as Director of Low Carbon Transport Economy on 19 March 2023. The £80-85,000 for year 2022-23 represents salary to leaving date. 2022-23 full year equivalent banding would be £80-85,000.

Alison Irvine joined TS as interim Chief Executive on 20 March 2023. The £0k-£5k for year 2022-23 represents salary from joining date to 31 March 2023. 2022-23 full year equivalent banding would be £80-85,000.

Roddy Macdonald joined TS as Director of Ferries on 19 December 2022. The £25k-£30k for year 2022-23 represents salary from joining date to 31 March 2023. 2022-23 full year equivalent banding would be £80-85,000.

Frances Pacitti left post as Director of Aviation, Maritime, Freight and Canals on 19 March 2023. The £80-85,000 for year 2022-23 represents salary to leaving date. 2022-23 full year equivalent banding would be £80-85,000.

Michelle Quinn joined TS as interim Chief Executive on 4 July 2022 and left post on 19 March 2023. The £70-75,000 for 2022-23 represents salary from joining date to 31 March 2021. 2020-2021 full year equivalent banding £95,000 to 100,000.

## Salary

Salary and allowances cover both pensionable and non-pensionable amounts and include gross salaries; overtime; recruitment and retention allowances; private office allowances or other allowances to the extent that they are subject to UK taxation. This total remuneration is shown in the figures in the table on the previous page. It does not include employers' pension contributions or amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties or employer's national insurance.

Where a Director has joined or left Transport Scotland during the year, their salary reflects only that which they received whilst a member of the senior management team. Where an individual has been a member of the senior management team for only part of the year, but they have been employed by the Agency throughout the year, their annual salary has been reported on a 'days served' basis as well as the full year equivalent salary.

Any amounts payable on early termination of a contract will be in accordance with the individual's circumstances.



## Fees

External members of the Audit and Risk Committee are entitled to receive fees for regular attendance at Audit and Risk Committee meetings. External members' expenses incurred in attending these meetings are also reimbursed.

The fees which the external members of the Audit and Risk Committee were entitled to for 2022-23 are as follows:

- John Matheson £243 daily rate
- Graeme Dickson £243 daily rate
- Lesley Macleod £243 daily rate

This is in line with Scottish Government remuneration of external members.

## Pay multiples

There was an extension to the Fair Pay Disclosure in 2021-22. In addition to the median pay ratio, the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce, we must also now disclose:

- The percentage changes for the highest paid director and the workforce as a whole, and
- The ratio of the highest paid director to the interquartile ranges 25% and 75% within the workforce.

The calculations include directly employed staff paid through SG Core payroll and cover both permanent staff and those on fixed term contracts. They also include Agency and other Temporary employees who are covering staff vacancies. They do not include consultant's costs.

The full year equivalent banded remuneration of the highest paid director was £110-115,000 (2021-22: £110-115,000). Please note the below year-to-year comparisons in relation to the highest paid director.

- This was 2.5 times (2021-22: 2.7 times) the median remuneration of the workforce, which was £44,765 (2021-22: £41,862).
- This was 3.4 times (2021-22: 3.6) the 25th percentile of the workforce, which was £33,120 (2021-22: £31,542).
- This was 1.9 times (2021-22: 2.1) the 75th percentile of the workforce, which was £57,722 (2021-22: £53,476).



It can be seen that the Highest Paid Director pay ratio to all compared ranges has reduced which is attributable to an increase in the pay and benefits of the workforce as a whole. We believe the median pay ratio for 2022-23 is consistent with the pay, reward,

and progression policies of the workforce as a whole. These costs relate wholly to salaries and the ratios are in line with the general pay policy. A summary of the information highlighted in the table below.

Pay Ratios							
Year	Midpoint £	Median £	Ratio	25 P / Tile £	Ratio	75 P / Tile £	Ratio
2022-23	112,500	44,765	2.5	33,120	3.4	57,722	1.9
2021-22	112,500	41,862	2.7	31,542	3.6	53,476	2.1

### Changes in year

The average percentage change of 11.90%, as can be seen in the tables below, across all employees as a whole, is a consequence of an increased number of full time equivalents (FTE) in year and the impact of incremental and inflationary pay movements.

In 2022-23, no employee received remuneration in excess of the highest paid director (2021-22: None). Remuneration across Transport Scotland ranged from £22,000 to £115,500 (2021-22: £21,000 to 111,000).

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2022-23 Midpoint £	2021-22 Midpoint £	Percentage Change
Highest-Paid Director	112,500	112,500	0%

	2022-23 Total Salary £	2022-23 Average FTE	Average Salary per FTE	2021-22 Total Salary £	2021-22 Average FTE	Average Salary per FTE	Average Percentage Change
TS Employees	27,758,001	499	55,616	24,334,873	489.6	49,704	11.90%





## Civil Service and other Compensation Scheme

Within Transport Scotland, no members of staff agreed departures under the Civil Service Compensation Scheme rules in 2022-23.

There were no members of staff who agreed departures under the scheme in 2021-22.

Three members of staff retired on ill health grounds in 2022-23. (2021-22: none).

## Pensions

Accrued pension represents the director's total future entitlement to benefits payable from the Civil Service pension schemes based on reckonable service on 31 March 2023. The accrued pension includes service prior to becoming a Director and / or service in other departments.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of

the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV quoted in the table below represents the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by employees (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Transport Scotland's contributions to the scheme in respect of the Senior Management Team amounted to £273,249 for the year to 31 March 2023. The external members of the Audit and Risk Committee do not participate in the Civil Service pension scheme.

Further details on the different schemes available to employees can be found in Note 2 to the accounts.



The pension entitlements of the Executive Directors of Transport Scotland are shown in the adjacent table.

Calculated on normal retirement age (NRA) where pension entitlement is due at that age or current age if over NRA.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

	Lump Sum at NRA as at 31 March 2023 £000	Real Increase in Lump Sum at age NRA £000	Accrued Pension at age NRA as at 31 March 2023 £000	Real Increase in Pension at age NRA £000	CETV as at 31 March 2023 £000	CETV as at 31 March 2022 £000	Real Increase in CETV in 2022-23 £000
<b>Hugh Gillies</b>	0	0	35-40	0-2.5	626	575	(15)
<b>Stuart Greig</b>	0	0	20-25	0-2.5	242	210	15
<b>Alison Irvine</b>	0	0	15-20	0-2.5	259	259	1
<b>Roddy Macdonald</b>	0	0	40-45	0-2.5	744	737	(9)
<b>Frances Pacitti</b>	0	0	10-15	0-2.5	140	116	12
<b>Bill Reeve</b>	0	(2.5 - 5)	55-60	(2.5 - 5)	1,522	1,806	(17)
<b>Michelle Quinn</b>	0	0	25-30	0-2.5	400	351	18
<b>Fiona Brown</b>	0	0	10-15	0-2.5	134	110	12
<b>Lawrence Shackman</b>	60-65	(0 - 2.5)	25-30	0-2.5	595	532	5
<b>Bettina Sizeland</b>	0	0	20-25	0-2.5	359	316	11
<b>Kerry Twyman</b>	0	0	30-35	0-2.5	466	409	9
<b>Stewart Leggett</b>	0	0	25-30	0-2.5	400	352	8



This pension data was supplied to Transport Scotland by MyCSP for all of the Directors, with the exception of Bill Reeve, whose information was supplied by **RAILPEN**.

From 2015-16, the majority of staff within the civil service pension scheme changed from the PCSP to the Alpha scheme. Consequently, the figures included on the left, provided by MyCSP, contain figures for both schemes for directors Roy Brannen and Hugh Gillies.

Further details about the Civil Service pension arrangements can be found at the website [Home - Civil Service Pension Scheme](#).

## Staff report

### Equality, diversity, and inclusion

Our ambition is to be a world-leading, diverse, and inclusive employer where people can be themselves at work. We are committed to building a workforce of people with a wide range of backgrounds, perspectives, and experiences, who are valued for their unique contributions in an environment that is respectful, supportive, and free of discrimination, harassment, or bullying. Over the past two years, the Scottish Government's strategic equality outcomes have continued to drive changes to what we do and how.

The Scottish Government is committed to tackling inequalities in Scottish society and knows that having a diverse workforce is key to this. As an agency of the Scottish Government,

we also know that the value of this diversity can only be realised through acknowledging and removing barriers that prevent people from flourishing, and continuing to build an inclusive culture where everyone is valued because of the unique perspectives they bring, whilst also feeling a strong sense of belonging to the Scottish Government as an employer.

We are committed to increasing the diversity of our workforce and to ensure every colleague sets a diversity objective as part of their annual objectives. We encourage all colleagues to increase their diversity understanding through learning activities and accessing all of our diversity networks, and to ensure that everyone can link with an appropriate Diversity Champion in their area. We also direct colleagues to the provisions within the Equality Act 2010, so that they can fully understand how this affects their rights and responsibilities and ensure they know how to access support at all times.

Non-discrimination and equality of opportunity are cornerstones of our approach to pay and reward. We are committed to advancing equality of opportunity in the workplace regardless of protected characteristic or other reason (sex, marital / civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, gender identity (Trans status), socio economic background, working pattern, employment status, caring responsibilities, or trade union membership).



The table below identifies the gender split within Transport Scotland for the year 2022-23.

2022-23			
Gender	CEO and Directors	Employees	Total
Female	4	273	277
Male	5	328	333
<b>Total</b>	<b>9</b>	<b>601</b>	<b>610</b>

2021-22			
Gender	CEO and Directors	Employees	Total
Female	4	248	252
Male	5	314	319
<b>Total</b>	<b>9</b>	<b>562</b>	<b>571</b>

The Department for Work and Pensions is responsible for developing, formulating, and disseminating equal opportunities guidance for the Civil Service as a whole, but operational responsibility rests with individual departments.

### Staff relations

We give a high priority to the development of all our staff. Training, development, and learning opportunities are all regularly reviewed, content checked and updated to reflect valued staff feedback.

We recognise that the success of any organisation depends largely on the effective performance and full attendance of all its employees. People are a valued resource, and as an employer, our attendance management procedures are designed to maintain a happy, well-motivated and healthy workforce.

The aim of the procedures is to:

- be supportive and positive.
- promote fair and consistent treatment for everyone.
- encourage, assist, and make it easy for people to stay in work.
- explain employees' entitlements, roles, and responsibilities.

The Annual People Survey is run across the UK Civil Service and the contract and survey design is managed by the Cabinet Office.

All colleagues are encouraged to participate and to inform on what is working well and what could be improved across the organisation. We receive our own set of headline and directorate results from the survey.



The engagement index for the Civil Service People Survey (CSPS) 2022 survey was 60%. Our results across all of the headline categories have decreased, in comparison to the previous year. The highest-scoring criteria being My Team (81%), Inclusion (80%) and My Manager (77%). Staff responses continue to help us to identify and develop actions and improvements to make Transport Scotland a great place to work for everyone, and we provide regular updates on our progress against all actions.

Wellbeing continues to be a top priority, and whilst our environment has changed considerably in the last few years, we place significant importance on staying connected and matching resources to increasing demands. We will continue to respond appropriately and help to support a good work-life balance for our colleagues.

In 2022-23 an average of 9.1 working days (2021-22: 8.2) were lost due to sickness absence per staff year for Transport Scotland. This compares to an average of 8.05 working days lost due to sickness absence in core Scottish Government in 2022-23.

In 2022-23, the percentage turnover for Transport Scotland was 6.75% (2021-22: 4.9%). There were 36 leavers within the period, and an average headcount of 522.5. This compares to a percentage turnover of 4.44% in core Scottish Government in 2022-23.

### Health and safety

Transport Scotland is committed to achieving the highest standards of health, safety and wellbeing for our staff, visitors, contractors, and any others who may be affected by our acts or omissions. We continually engage to

promote positive health and safety climates and organisational culture, and we seek improvement through role specific and compulsory health and safety training and e-learning, which in turn is supported by the IOSH Chartered Health & Safety Adviser and Health & Safety Liaison Officers. We also have a bespoke and robust health and safety management system, which is set out clearly within our policy manual. This provides guidance on roles, responsibilities, and proposals for achieving our health, safety, and wellbeing goals, all of which are in alignment with Scottish Government Occupational Health & Safety strategies.

### Trade union membership

Transport Scotland values strong employee relations and has a Partnership Board in place. Our Partnership Agreement sets out the terms of reference for the Board in matters affecting staff.

The Board itself is made up of Transport Scotland management, with a representative from TS Human Resources as well as representatives from the Scottish Government Trade Unions. The Board meets on a quarterly basis throughout the year, or additionally on request by Board members.

Details of [Scottish Government's trade union facility time](#) including Transport Scotland are published on the Scottish Government website. In future years, we will publish information relating to Transport Scotland separately.

### Employment of disabled persons

We are a 'Disability Confident Leader Employer', which recognises our commitment and our positive attitude towards removing



the barriers faced by disabled people. Our Recruitment and Retention Plan for Disabled People 2019 sets out the actions we are taking as an employer to support more disabled people into work in Scottish Government and to enable existing disabled employees to thrive and succeed at work.

In doing so, we offer interviews to all disabled applicants and staff who meet the minimum criteria for any post; equip line managers to understand and take action in respect of their management responsibilities; implement workplace adjustments to enable disabled employees to thrive; have appointed Disability Champions at Senior Civil Service level and at Executive team level; and our Disabled Staff Network and our Mental Health Network are critical to our strategic approach to advancing diversity and inclusion, offering rich insights into lived experience and building empathy and understanding.

The number of staff as at 31 March 2023 who had declared a disability employed by Transport Scotland was 50 (2021-22: 52).

### Staff costs

Details of Agency staff numbers and costs for the year are contained within Note 2 to the Accounts. Transport Scotland incurred £39.1 million in relation to staff costs in the year 2022-23 (2021-22: £35.4 million). Of this, £37.6 million was in relation to permanent staff, who are civil servants with an employment contract with Transport Scotland (2021-22: £32.9 million). The balance of £1.5 million related to agency staff (2021-22: £2.4 million).

The costs of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland, totalling £5.4 million (2021-22: £5 million) have been charged to capital expenditure in respect of the projects identified in the year, and these costs are included with the project costs in Note 4.

In addition, the agency paid out £9.5 million in professional consultancy costs in 2022-23 (2021-22: £12.4 million) in relation to professional services required in the procurement of key projects and the delivery of the Agency's transport objectives.

At the end of financial year 2022-23, Transport Scotland's headcount totalled 610, analysed in the table below. The full time equivalent (FTE) figure of Permanent staff was 499.

Staff Category	Headcount at 31 Mar 2023	Headcount at 31 Mar 2022
Permanent Staff	536	510
Agency Staff	19	16
Consultants Employed	55	45
<b>Total</b>	<b>610</b>	<b>571</b>

### Pension liabilities

The pension entitlements of the Executive Directors of Transport Scotland are contained within the remuneration report. An indication of how pension liabilities are treated in the accounts, and references to relevant pension schemes, are also contained within the Remuneration Report and in Note 2 to the Accounts.



# Parliamentary Accountability and Audit Report



# Parliamentary Accountability and Audit Report



## Summary of resource and capital outturn

### Regularity of expenditure

The expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Fees and charges

Transport Scotland does not raise any significant income through fees and charges. Where relevant, Transport Scotland complies with the cost allocation and charging requirements set out in the Scottish Government Public Finance Manual (SPFM).

### Remote contingent liabilities

The Government Financial Reporting Manual (FReM) states that where information about contingent liabilities is not required to be disclosed because the likelihood of a transfer of economic benefits is considered too remote, they should be disclosed separately for parliamentary reporting and accountability purposes. Transport Scotland has a number of these liabilities, and they are disclosed in Note 19 (b) to these accounts.

### Gifts

Transport Scotland has a policy setting out the criteria for refusal or acceptance of gifts and hospitality. There were no instances of gifts or hospitality being received in 2022-23.

### Losses and special payments

Irrecoverable costs no longer being pursued amounted to £568,000 in respect of nineteen cases and these have now been written off. No individual case exceeded £250,000.





## Scottish Parliament Committee appearances

Details of appearances before Scottish Parliament committees by Transport Scotland officials for the year were as follows:

### Net Zero Energy and Transport Committee

- Tuesday September 27, 2022  
Programme for Government.
- Tuesday October 31, 2022  
Pavement Parking Prohibition (Exemption Orders Procedure) (Scotland) Regulations 2022 [draft].
- Tuesday January 17, 2023  
Budget Scrutiny 2023-24.
- Tuesday February 28, 2023  
Ferry Services Inquiry.

*Alison Irvine*

### Alison Irvine

Interim Chief Executive

21 August 2023

## Public Audit Committee

- Thursday, May 19, 2022  
Major Capital Projects: Accountability and Governance Arrangements.
- Thursday May 26, 2022  
Section 23 Report 'New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802'.
- Thursday June 9, 2022  
Section 23 Report 'New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802'.



# Independent Auditors' Report

Independent auditor's report to Transport Scotland, the Auditor General for Scotland and the Scottish Parliament

## Reporting on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Transport Scotland for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Taxpayers' Equity and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

### In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and

- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



### **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### **Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;



- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited.



In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.



## Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Pauline Gillen*

Pauline Gillen  
Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

21 August 2023



# Annual Accounts





# Annual Accounts

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Note	£'000 Staff Costs	£'000 Other Costs	£'000 Income	2022-23 £'000 Total	2021-22 £'000 Total
<b>Administration costs</b>						
Staff costs	2	16,976			16,976	15,146
Other administration costs	3		6,971		6,971	6,919
<b>Total administration costs</b>					<b>23,948</b>	<b>22,066</b>
<b>Programme costs</b>						
Staff costs	2	16,706			16,706	15,248
Other programme costs	4		3,102,088		3,102,088	3,164,663
Income	5			(12,544)	(12,544)	(12,995)
<b>Total programme costs</b>					<b>3,106,250</b>	<b>3,166,916</b>
Total		33,682	3,109,059	(12,544)	3,130,198	3,188,982
<b>Net operating costs for the year ended 31 March 2023</b>					<b>3,130,198</b>	<b>3,188,982</b>

## Other Comprehensive Net Expenditure

	Note	2022-23 £'000 Total	2021-22 £'000 Total
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain) / loss on:			
-revaluation of property, plant, and equipment	6	(4,083,146)	(2,273,228)
-revaluation of intangibles			0
		<b>(4,083,146)</b>	<b>(2,273,228)</b>
<b>Items that may be reclassified subsequently to net operating costs:</b>			
Net (gain) / loss on:			
-revaluation of assets held for sale	8	0	0
<b>Total comprehensive net expenditure for the year ended 31 March 2023</b>		<b>(952,949)</b>	<b>915,754</b>

All income and expenditure is derived from continuing activities.





## Statement of Financial Position as at 31 March 2023

	Note	£'000	31 March 2023 £'000	£'000	31 March 2022 £'000
<b>Non-current assets</b>					
Property, plant & equipment	6	27,653,148		23,608,232	
Right of Use Asset	6a	27,936		0	
Intangible assets	7	0		0	
Financial assets	9	348,758		313,290	
Other receivables	10	35,000		40,000	
<b>Total non-current assets</b>			<b>28,064,842</b>		<b>23,961,522</b>
<b>Current assets</b>					
Assets held for sale	8	0		0	
Financial assets	9	16,621		10,648	
Trade and other receivables	10	110,483		89,064	
Cash & cash equivalents		0		0	
<b>Total current assets</b>			<b>127,104</b>		<b>99,713</b>
<b>Total assets</b>			<b>28,191,946</b>		<b>24,061,235</b>
<b>Current liabilities</b>					
Trade and other payables	11	(276,058)		(376,976)	
Provisions	12	(31,564)		(23,775)	
<b>Total current liabilities</b>			<b>(307,622)</b>		<b>(400,751)</b>
<b>Total assets less current liabilities</b>			<b>27,884,324</b>		<b>23,660,484</b>
<b>Non-current liabilities</b>					
Other payables and financial liabilities	11	(1,061,330)		(1,073,874)	
Provisions	12	(3,314)		(3,864)	
<b>Total non-current liabilities</b>			<b>(1,064,645)</b>		<b>(1,077,738)</b>
<b>Assets less liabilities</b>			<b>26,819,679</b>		<b>22,582,746</b>
<b>Taxpayers' equity</b>					
General fund	SoCTE		12,555,032		12,400,936
Revaluation reserve	SoCTE		14,264,647		10,181,810
<b>Total taxpayers' equity</b>			<b>26,819,679</b>		<b>22,582,746</b>



The notes on pages 116 to 165 form part of these accounts.

*Alison Irvine*

**Alison Irvine**

Interim Chief Executive

The Accountable Officer authorised these financial statements for issue on 21 August 2023

### Statement of Cash Flows for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
<b>(A) Cash flows from operating activities</b>			
Net operating cost	SoCNE	(3,130,198)	(3,188,982)
Adjustments for non-cash transactions	3/4	206,534	175,793
Decrease / (increase) in trade and other receivables	1/3	(16,419)	64,488
Adjustment for the revaluation element of assets held for sale	8	0	0
Increase / (decrease) in trade and other payables	13	(77,247)	210,418
Increase / (decrease) in provisions	13	7,239	(1,906)
Adjustment for interest element of PFI contracts	4	71,471	76,741
<b>Net cash outflow from operating activities</b>		<b>(2,938,619)</b>	<b>(2,663,448)</b>
<b>(B) Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	6	(169,353)	(176,127)
Acquisition of Right of Use Asset	6a	(28,409)	0
Transfers (note 6 transfer line)		0	33
True Disposal of property, plant and equipment	6	0	197
Increase / (decrease) in capital accruals	13	(26,316)	(123,722)
Increase / (decrease) in Voted loans and Other Funds	9	(41,441)	(45,589)
<b>Net cash outflow from investing activities</b>		<b>(265,519)</b>	<b>(345,208)</b>
<b>(C) Cash flows from financing activities</b>			
Funding from the Scottish Government	SoCTE	3,359,926	3,182,200
Inter Entity transfers	SoCTE	(74,437)	(61,210)
Inter Entity Adjustment		20	0
Capital element of payments On Balance Sheet PFI contracts	13	(38,419)	(35,593)
Capital element of payments - IFRS 16 Finance Leases	13	28,519	0
Interest element of PFI contracts	4	(71,471)	(76,741)
<b>Net Financing</b>		<b>3,204,139</b>	<b>3,008,656</b>
Net increase / (decrease) in cash and cash equivalents in the period		0	0
Cash and cash equivalents at the beginning of the period		0	0
Cash and cash equivalents at the end of the period		0	0



## Statement of Taxpayers' Equity for the year ended 31 March 2023

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2021</b>		12,184,112	8,180,702	20,364,814

<b>Changes in taxpayers' equity for 2021-22</b>				
Net gain / (loss) on revaluation of property, plant, and equipment	6	0	2,273,228	2,273,228
Non-current assets adjustments		0	0	0
Roads trunkings / de-trunkings	6	0	0	0
Roads historic value adjustment	6	12,524	0	12,524
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		272,120	(272,120)	0
Inter-Entity transfers		(61,210)	0	(61,210)
Non-cash charges - auditors remuneration	3	190	0	190
Net operating costs for the year	SoCNE	(3,188,981)	0	(3,188,981)
<b>Total recognised income and expense for 2021-22</b>		<b>(2,965,357)</b>	<b>2,001,108</b>	<b>(964,249)</b>

Funding from Scottish Government		3,182,200	0	3,182,200
<b>Balance at 31 March 2022</b>		<b>12,400,955</b>	<b>10,181,810</b>	<b>22,582,765</b>

<b>Changes in taxpayers' equity for 2022-23</b>				
Net gain / (loss) on revaluation of property, plant, and equipment	6	(790)	4,141,393	4,140,603
Non-current assets adjustments		0	0	0
Roads trunkings / de-trunkings	6	0	0	0
Roads historic value adjustment	6	(27,716)	(31,454)	(59,171)
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		27,102	(27,102)	0
Inter Entity transfers		(74,437)	0	(74,437)
Impact of adopting IFRS 16	6a	0	0	0
Non-cash charges - auditors remuneration	3	191	0	191
Net operating costs for the year	SoCNE	<b>(3,130,198)</b>	0	<b>(3,130,198)</b>
<b>Total recognised income and expense for 2022-23</b>		<b>(3,205,849)</b>	<b>4,082,837</b>	<b>876,988</b>

Funding from Scottish Government		3,359,926	0	3,359,926
<b>Balance at 31 March 2022</b>		<b>12,555,032</b>	<b>14,264,647</b>	<b>26,819,679</b>



# Notes to the accounts

The financial statements for the year ended 31 March 2023 have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000, and in accordance with The HM Treasury Financial Reporting Manual (FRoM).

The financial statements are consolidated within the **Scottish Government Consolidated Accounts**.

## Significant accounting policies

The areas where accounting judgements have significant impact are outlined within note 1.23 and include the valuation of the trunk road network, recognition and valuation of provisions and accruals.

## Valuation of the trunk road network

The trunk road network is valued on the basis of current replacement cost, adjusted to reflect the current condition of the road component and the depreciation of structures and communications assets. This valuation reflects assumptions, estimates and professional judgement that are incorporated in the data input to the model used to produce the valuation known as the Road Authorities Asset Valuation System (RAAVS). Atkins currently provides this model using standard costs to value the individual components of the network asset and indices to revalue these on an annual basis through a joint contract with the other UK Road Authorities.

## Recognition and the valuation of provisions

Due to the long-term nature of our road improvement schemes, certain assumptions and judgements are required to be made for the estimated cost of land acquisition and compensation claims. This is due to the often-protracted negotiation periods involved and the initial uncertainty over both the financial value and the final payment date of any compensation.

## Valuation of accruals

Due to the timing and availability of final year-end information from external suppliers for concessionary travel, rail and roads maintenance, certain assumptions and judgements are required to be made when determining final accruals.

## 1. Statement of accounting policies

The financial statements have been prepared on a going concern basis and in accordance with the 2022-23 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The particular accounting policies applied by Transport Scotland are described in this section. The accounts are prepared using, where necessary, estimation techniques which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. There is the possibility



that there may be outcomes within the next financial year that differ from those made this year and consequently these may require a material adjustment to the carrying amount of an affected asset or liability.

### 1.1 Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of non-current assets and intangible assets to fair value. New or amended accounting standards that are considered relevant and their anticipated impact on the accounts are as follows:

- IFRS 16 - Leases. This replaces IAS 17. This standard has been implemented for central government bodies from 1 April 2022 and is therefore applicable to Transport Scotland. The impact of this eliminates accounting for the majority of operating leases and requires the recognition of the value of all leased and other 'right of use' assets specified to operators, in contracts for the provision of services in the Statement of Financial Position. The impact on the Transport Scotland accounts is related to the potential value of assets that require to be accounted for in terms of right to use and it has been identified that this is specific to property leases.
- IFRS 17- Insurance Contracts. The date of application of IFRS 17 is not yet confirmed and the impact has not yet been determined. The Financial Reporting Advisory Board (FRAB) are considering implementation of the standard in the public sector however the earliest date of mandatory adoption of the Standard, as per the FRAB paper 145 (11) would be from financial year 2024-25.
- A number of narrow-scope amendments to IAS 1 – Presentation of Financial Statements, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12 – Income Taxes have minimal impact on Transport Scotland.

### 1.2 Trunkings / de-trunkings

Transport Scotland's accounts reflect the trunk road network that Scottish Ministers have ownership of and responsibility to maintain. Transfers of the responsibility for maintaining sections of the trunk road network to / from the local authority network are referred to as 'de-trunkings' or 'trunkings' respectively and are treated as transfers to / from other government departments at nil consideration through the general fund.

### 1.3 Property, plant, and equipment

All property, plant and equipment assets will be accounted for as non-current assets unless they are deemed to be 'Held for Sale' (see Note 1.6). Title to the freehold land and buildings shown in the accounts of Transport Scotland is held by Scottish Ministers.

### 1.4 Capitalisation policy

The trunk road network is recognised as a single infrastructure asset in accordance with FReM. However, it comprises four distinct elements that are accounted for differently: land, road pavement, structures, and communications. Subsequent expenditure is capitalised where it adds to the service potential or replaces the existing elements of assets that were previously identified in the Road Authorities Asset Valuation System (RAAVS). Expenditure that does not replace or enhance service potential will be



expensed as a charge to the Statement of Comprehensive Net Expenditure. Where a scheme is subsequently cancelled, the capital costs already incurred are written off to the Statement of Comprehensive Net Expenditure. Any retained land or building assets are transferred to the land and buildings category where it is not currently possible to market them for sale or to Assets Held for Sale where they are being marketed for sale.

Other non-current assets are capitalised where expenditure exceeds the following thresholds:

Land & Buildings	£10,000
Leasehold Improvements	£10,000
Information & Communication Technology (ICT)	£25,000
Plant & Machinery	£5,000
Transport	£5,000

Items falling below these limits are charged as an expense and shown in the Statement of Comprehensive Net Expenditure. Furniture and fittings are not capitalised unless part of a specially identified project, such as a major relocation exercise.

### Valuation

Land is held at current market values, as assessed by the Valuation Office Agency (VOA). Revaluation exercises are carried out on buildings and dwellings as part of the Scottish Government five-year rolling programme, with indexation applied in the intervening years.

Other items of property, plant and equipment are held at current value in existing use. These assets have not been re-valued from their depreciated historic cost or valuation at 1 April 2007, as the movement in their

relevant indices since then was considered to be negligible and the economic lives of the assets so short that the impact of any adjustment was not considered significant.

### Infrastructure assets – the trunk road network

The road network is held at its depreciated replacement cost based on service potential and classed as a specialist asset for which a market valuation is not available. Land is valued at rates supplied by the VOA.

The road pavement, structures and communications elements are valued using agreed rates determined to identify the gross replacement cost of applicable types of road, structure or communications on the basis of new construction on a greenfield site. These rates are re-valued annually using indices to reflect current prices and are also updated when new construction costs become available as comparators to the costs previously identified for specific road types. However, special structures, which tend to be one off by their nature, are valued using specific costs that are updated to current prices.

Depreciation is accounted for in respect of the road pavement by reference to the service potential assessed by condition surveys that are carried out over the whole network as part of a rolling programme that covers every section of road at least every five years. The structures and communications elements are depreciated using the straight-line method applied to the re-valued replacement costs, and also inspected every five years to identify any other changes. Land is not depreciated.



The indexation factors applied are:

- Road Pavement, Structures and Communications: Baxter Index, published quarterly by the Department for Business, Energy, and Industrial Strategy (BEIS).
- Land: Land indices produced by VOA.

Upwards movements in value are taken to the revaluation reserve. Downward movements in value are set off against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Statement of Comprehensive Net Expenditure. Historic valuation adjustments in respect of minor corrections to prior year measurements and valuations of the road network are separately identified in the Statement of Changes in Taxpayers' Equity and Property Plant and Equipment (Note 6) note and not treated as prior year adjustments.

### Assets under construction

Road building schemes in the course of construction are capitalised at actual cost with no indexation. Assets under construction are not depreciated.

### Land and buildings

Land and buildings released from road schemes deemed surplus to requirements are transferred to, and accounted for as, Assets Held for Sale (see Note 1.6).

### Information technology

Information technology assets are stated at historical cost with no indexation applied.

## 1.5 Depreciation

### Infrastructure assets

The road network and associated street furniture is surveyed over a five-year rolling period to assess the estimated remaining useful lives and the resultant assessment is used to determine their valuation, with any changes reflected as a condition variance. The variance is valued according to the rates applied to the respective sections of road. The useful economic lives of elements of the road valuation are assessed according to the following design lives:

	Life in years
Road surface, sub-pavement layer, fencing, drainage, and lighting	20 to 50
Road bridges, tunnels, and underpasses	20 to 120
Culverts, retaining walls and gantries	20 to 120
Road communications assets	15 to 50

The annual depreciation charge for the road surface is determined by the annual condition variance. This information is provided by Atkins and is based on output from the condition surveys carried out within the financial year.

Structures and communications assets are depreciated on a straight-line basis relative to their remaining life and any renewals over the period.



## Non-infrastructure assets

With the exception of surplus land and properties awaiting sale, non-infrastructure assets are depreciated on a straight-line basis over the expected life of the particular asset category as follows:

	Life in years
Freehold buildings	5 to 100
Leasehold buildings	Shorter of length of lease or specific asset life
IT Equipment	3 to 10
Plant and Machinery	5

### 1.6 Assets held for sale

A property is derecognised and held for sale under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations when all of the following requirements are met:

- It is available for immediate sale in its present condition.
- A plan is in place, supported by management, and steps have been taken to actively market the asset and conclude a sale at a reasonable price in relation to its current fair value; and
- A sale is expected to be completed within 12 months.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

### 1.7 Right of use assets and leases

For government bodies reporting under the FReM, IFRS 16 Leases has been implemented from 1 April 2022; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below) and replaces IAS 17 Leases. In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases, including peppercorn leases. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard also applies to arrangements with other public sector organisations which share accommodation, often through MOTO (Memorandum Of Terms of Occupation) agreements.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

Contracts for low-value items, in line with the capitalisation levels for property plant and equipment noted above in Note 1.4, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months, are excluded.

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term, net of irrecoverable value added tax, discounted





either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year which was 0.95% for leases entered into prior to 31 December 2022. The liability includes payments that are fixed, or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any costs related to restoration at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. These are measured by re-discounting the revised cash flows.

Expenditure includes interest, straight-line depreciation, any asset impairments, and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

## 1.8 Intangible non-current assets

Intangible non-current assets are capitalised where expenditure of £25,000 or more is incurred in acquiring them. In accordance with the FReM, Intangible assets are accounted for in line with the requirements of IAS 38 Intangible Assets and are valued at depreciated replacement cost. Revaluations are carried out according to IAS 38 for assets over a valuation threshold.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 Intangible Assets for assets that do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.' Intangible assets other than assets under development are amortised on a straight-line basis over their estimated useful lives. Impairment reviews are carried out if there are any indicators that impairment should be considered. Intangible assets under development are not amortised.

## 1.9 Financial assets

Loans, trade receivables and accrued income are accounted for in accordance with IFRS 9 Financial Instruments. These financial assets were previously categorised as loans and receivables under IAS 39 Financial Instruments: Recognition and Measurement and have been categorised as financial assets held at amortised cost under IFRS 9.

Loans and receivables are recognised initially at fair value, plus transaction costs. Fair value is usually the contractual value of the transaction. Thereafter, loans and receivables are held



at amortised cost in accordance with IFRS 9 where the agency's business model is to hold them to collect the cash flows and where the cash flows are solely payments of principal and interest on the outstanding principal.

Where material and not specifically excluded by the FReM, credit loss allowances are recognised. Credit loss allowances for trade receivables and similar arrangements are measured at the lifetime expected credit loss. Credit loss allowances for formal loans are measured at the twelve-month expected credit loss where the credit risk on the loan has not increased significantly since initial recognition. We have provided for anticipated credit losses in respect of those loans where there is evidence to indicate that we may not be able to recover the full value of their amortised cost and deducted these values from the carrying amounts as required under IFRS 9.

Loans and receivables are only derecognised under the following circumstances:

- When the rights to the cash flows expire.
- When the assets have been transferred; or
- When the assets have been written off because there is no reasonable expectation of recovering them.

### 1.10 Investment in equities

Investments in entities that are not classified to central government are financial instruments within the scope of IFRS 9. They are all classified as equity instruments measured at fair value through other comprehensive income and available-for-sale financial assets.

As all financial assets previously categorised as available-for-sale financial assets have been re-categorised as equity instruments held

at fair value through other comprehensive income. Measurement at fair value may require the use of accounting estimates and so may give rise to estimation uncertainty.

In valuing instruments for which there is no active market, we have used estimation techniques which reflect, as far as practicable, those that would be used by market participants, making maximum use of observable inputs.

Shareholdings are de-recognised when the agency's rights to receive cash flows expire or have been transferred, provided that the transfer transaction also transfers substantially all of the risks and rewards of ownership and control of the financial asset.

### 1.11 Trade and other payables

These are financial liabilities other than those classified as held at fair value through profit and loss and those classified as financial guarantee contracts.

They are valued at fair value, with the transaction value regarded as the fair value at the date of initial recognition. Thereafter, where the time value of money is considered to be material, they are held at amortised cost using the effective interest rate to discount future cash flows. They are derecognised when all obligations are settled.

### 1.12 Service concession arrangements

Private finance transactions are accounted for in accordance with IFRIC 12, Service Concession Arrangements which sets out how these transactions are to be accounted for. We have five such arrangements, three Private Finance Initiative (PFI) schemes and



two Non-Profit Distributing (NPD) schemes (see Note 16 for more details). The private sector operator is contractually obliged to provide the services related to the infrastructure that they construct, which is recognised as a non-current asset. The asset is measured by using the fair value approach. The fair value of the asset determines the amount to be recorded as an asset with an offsetting liability. The total unitary payment is then divided into three: the service charge element, repayment of the capital element of the contract obligation and the interest expense on it (using the interest rate implicit in the contract).

### 1.13 Provisions

Legal and constructive obligations that are of uncertain timing or amount are provided for in the Statement of Financial Position at 31 March on the basis of the best estimate available. These are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are charged to the Statement of Comprehensive Net Expenditure unless they are capitalised as part of additions to non-current assets. Major projects provisions relate to compensation claims made in respect of work done under the projects that have not yet been fully settled.

### 1.14 Other infrastructure expenditure

Other infrastructure expenditure is differentiated between capital and resource for budgeting purposes. However only the expenditure that is capital in nature that relates to assets reflected in these accounts is capitalised. Expenditure that relates to assets reflected by external bodies is charged as expenditure.

### 1.15 Operating income

Operating income relates to operating activities and principally comprises fees and charges for services provided on a full-cost basis to external customers in both the public and private sectors. It includes not only income retained but also income due to the Scottish Government Consolidated Fund. Operating income is stated net of VAT.

### 1.16 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the costs of running the agency and include staff costs as well as accommodation, services, and supplies. Programme costs reflect the costs of operating, maintaining, managing, and improving the road, rail, aviation, and maritime infrastructure for which we have responsibility as well as those incurred in delivering transport policies, such as concessionary fares, and grants and subsidies to contribute to the provision of rail, bus, ferry, and air services. The allocation of costs between administration and support of the programme work is reviewed in year and can result in reallocation of staff costs and a consequential reduction in expenditure classed as administration.

### 1.17 Grants payable

Grants payable are recorded as expenditure in the period that the underlying activity giving entitlement to the grant occurs. Where necessary, obligations in respect of grant schemes are recognised as liabilities.



### 1.18 Pensions

Past and present employees are mainly covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme or Alpha Scheme, more details of which can be found in Note 2. The PCSPS is an unfunded multi-employer defined benefit scheme. Transport Scotland's contributions are recognised as a cost in the year. The Alpha Scheme provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or sixty-five if higher).

### 1.19 Contingent liabilities

Contingent liabilities include those required to be disclosed under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and other liabilities arising from indemnities and guarantees (which are not financial guarantee contracts) included for parliamentary reporting and accountability. They are disclosed in respect of:

- possible obligations arising from past events whose existence will be confirmed by the occurrence of uncertain future events out with Transport Scotland's control; or
- present obligations arising from past events where it is not likely that resources will be required to settle the obligation, or it is not possible to measure it reliably.

### 1.20 Value added tax (VAT)

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Transport Scotland is part of the Scottish Government VAT registration

and any outstanding VAT balances are accounted for by the Scottish Government.

### 1.21 Segmental reporting

IFRS 8 Segmental Reporting requires operating segments to be identified on the basis of internal reports about components. Transport Scotland identifies components of expenditure which are regularly reviewed by the Senior Management Team in order to manage financial performance.

### 1.22 Employee benefits

A short-term liability and expense is recognised for holiday days, holiday pay, bonuses, and other short-term benefits when employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for leave earned but not taken.

### 1.23 Critical accounting estimates

Critical accounting estimates are used determining the valuation of certain assets and liabilities included in the annual accounts. Significant estimates have been outlined below:

- **Valuation of the Trunk Road Network**  
The trunk road network is valued on the basis of current replacement cost, adjusted to reflect the current condition of the road pavement component and the depreciation of structures and communications assets. This valuation reflects assumptions, estimates and professional judgement that are incorporated in the data input to the model used to produce the valuation known as the Road Authorities Asset Valuation System (RAAVS). This model is currently provided by Atkins using standard costs to value the individual components of the



network asset and indices to revalue these on an annual basis through a joint contract with the other UK Road Authorities.

- **Recognition and the valuation of provisions**

Due to the long-term nature of our road improvement schemes, certain assumptions and judgements are required to be made for the estimated cost of land acquisition and compensation claims. This is due to the often-protracted negotiation periods involved and the initial uncertainty over both the financial value and the final payment date of any compensation.

- **Valuation of accruals**

Due to the timing and availability of final year-end information from external suppliers for concessionary travel, network support grant, rail and roads maintenance, certain assumptions and judgments are required to be made when determining final accruals.

## 2. Staff numbers and costs

The costs of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland have been charged to capital expenditure in respect of the projects identified in the year.

These have been identified in the table below along with prior year figures to reflect costs similarly capitalised in that year. These costs are included with the project costs in Note 4.

Permanent employed staff are civil servants who have an employment contract with Transport Scotland, others are agency staff. The below table shows the year on year average.

### Average number of staff employed

2022-23	Permanent Staff (FTE)	Others (Headcount)	Total	2021-22	Permanent Staff	Others (Headcount)	Total
AMFC	58	1	59	AMFC	49	1	50
BAAT	87	3	90	BAAT	87	4	91
Finance and Other	66	5	71	Finance and Other	66	3	69
LCE	29	1	30	LCE	29	1	30
Major Projects	47	18	65	Major Projects	47	11	58
Rail	59	1	60	Rail	59	1	60
Roads	96	40	136	Roads	96	36	132
TSA	58	5	63	TSA	58	4	62
<b>TOTAL</b>	<b>499</b>	<b>74</b>	<b>573</b>	<b>TOTAL</b>	<b>490</b>	<b>61</b>	<b>551</b>

Wages and salaries include gross salaries, performance pay, or bonuses received in year, overtime, recruitment and retention allowances, private office allowances, ex-gratia payments and any other allowances to the extent that it is subject to UK taxation. The payment of legitimate expenses is not part of salary.



## Staff costs comprise:

	2022-23 Permanently Employed Staff £'000	Others £'000	Total £'000	2021-22 Permanently Employed Staff £'000	Others £'000	Total £'000
<b>Administration:</b>						
Wages and salaries costs	12,016	702	12,719	10,562	625	11,188
Social security costs	1,254	0	1,254	1,125	0	1,125
Other pension costs	3,004	0	3,004	2,834	0	2,834
Early retirement costs	0	0	0	0	0	0
	<b>16,274</b>	<b>702</b>	<b>16,976</b>	<b>14,521</b>	<b>625</b>	<b>15,146</b>
<b>Programme:</b>						
Wages and salaries costs	11,511	694	12,204	9,685	1,781	11,466
Social security costs	1,376	0	1,376	1,116	0	1,116
Other pension costs	3,125	0	3,125	2,666	0	2,666
	<b>16,012</b>	<b>694</b>	<b>16,706</b>	<b>13,467</b>	<b>1,781</b>	<b>15,248</b>
<b>Total staff costs to be charged to Comprehensive Net Expenditure</b>	<b>32,286</b>	<b>1,396</b>	<b>33,682</b>	<b>27,988</b>	<b>2,406</b>	<b>30,395</b>
<b>Capitalised Programme:</b>						
Wages and salaries costs	4,231	62	4,292	4,088	62	4,150
Social security costs	287	0	287	259	0	259
Other pension costs	689	0	689	657	0	657
Running Costs	132	0	132	0	0	0
	<b>5,339</b>	<b>62</b>	<b>5,400</b>	<b>5,003</b>	<b>62</b>	<b>5,066</b>
<b>Total staff costs charged to capital expenditure</b>	<b>5,339</b>	<b>62</b>	<b>5,400</b>	<b>5,003</b>	<b>62</b>	<b>5,066</b>
<b>Total Staff Costs</b>	<b>37,625</b>	<b>1,457</b>	<b>39,083</b>	<b>32,992</b>	<b>2,468</b>	<b>35,460</b>



## Pension costs

The Principal **Civil Service Pension Scheme** (PCSPS) is an unfunded multi-employer defined benefit scheme and as a result, Transport Scotland is unable to identify its share of the underlying liabilities. The scheme is therefore accounted for as a defined contribution scheme. The scheme Actuary valued the scheme liabilities at 31 March 2022. Details can be found in the resource accounts of the Cabinet Office.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium**, or **classic plus**) with a normal pension age of sixty; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of sixty-five.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and

13 years and 5 months from their normal pension age on 1 April 2012 switched to **alpha** between 1 June 2015 and 1 February 2022.

All members who switch to **alpha** have their PCSPS benefits 'banked,' with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, a member builds up a pension based on their pensionable earnings during their period of scheme membership.

At the end of the **Alpha** scheme year (31 March) the member's earned pension account is credited with 2.32% of their



pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is sixty for members of **classic**, **premium**, and **classic plus**, sixty-five for members of **nuvos**, and the higher of sixty-five or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha**, as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

New career average pension arrangements were introduced on 1 April 2015 and the majority of **Classic**, **Premium**, **Classic Plus** and **Nuvos** members joined the new scheme. Further details of this new scheme are available at [alpha scheme guide - Civil Service Pension Scheme](#)

For 2022-23, employers' contributions of £6,819,000 (2021-22: £6,157,000) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.





### 3. Other administration costs

	Note	2022-23 £'000	2021-22 £'000
Rentals under operating leases		632	1,326
Accommodation		850	3,031
Office costs and supplies		2,095	1,578
Hospitality		5	0
Travel		213	60
Training		38	30
Consultancy		366	173
Programme Running Costs		1,216	0
<b>Non-cash items</b>			
Depreciation		1,364	532
Auditors' remuneration and expenses – external	22	191	190
<b>Total administration costs</b>		<b>6,971</b>	<b>6,919</b>



## 4. Programme costs

	Note	2022-23 £'000	2021-22 £'000
<b>Other programme expenditure</b>			
<b>Roads</b>			
Capital maintenance		205,933	201,459
Current maintenance		142,277	128,753
PFI interest charges		71,471	76,741
PFI service charges		39,196	51,842
<b>Rail</b>			
Franchise *		724,645	831,649
Rail infrastructure in Scotland **		472,965	532,053
Other		1,883	875
<b>Bus Services</b>			
Smartcard applications		1,531	4,871
Concessionary travel schemes		268,075	232,228
<b>Other public transport</b>			
Major public transport projects – rail ***		193,717	158,610
Transport information		560	521
Ferry services in Scotland		287,157	233,389
Air services in Scotland		76,670	90,094
Bus services in Scotland		140,645	145,107
Other transport directorate programmes		52,591	139,083
Low Carbon and Active Travel		139,222	92,060
Central Government grants to Local Authorities		82,467	55,255
Resource AME Transactions (EST Loans Only)		(3,896)	15,000
<b>Non-cash items</b>			
Depreciation	6/7	204,980	175,072
Total other programme costs		3,102,088	3,164,663

\* Cash Grant in Aid Payments to Scottish Rail Holdings (£382 million plus Fixed Track Access Charges of £313m) and Serco (£30 million) totalled £725 million.

\*\* The Rail Infrastructure in Scotland Capital Figure of £473 million was paid directly to 'Network Rail'.

\*\*\*Enhancement grant of £180m was paid directly to network rail and is disclosed in the 'Major public transport projects - rail' line



## 5. Operating income

Operating income principally arises from:

- Interest receivable from loans to Caledonian Maritime Assets Limited (CMAL).
- Rental income from land and properties acquired for road schemes and now surplus to requirements.
- Sale of land and property which is surplus to the requirements of the road or rail scheme.
- European Structural Funding.
- Other income including re-imburement from local authorities for work done.



Aerial view - Kintore Rail station and roads

	2022-23 £'000	2021-22 £'000
<b>Programme income</b>		
Interest receivable – loans	(5,210)	(5,204)
Rental income – land & properties	(64)	(9)
Other income	(3,937)	(5,557)
European Structural Fund income	(2,162)	(2,422)
Ports income	0	0
Dividends	0	0
Profit on disposal of land	(1,171)	197
<b>Total operating income</b>	<b>(12,544)</b>	<b>(12,995)</b>



## 6. Property, plant, and equipment

2022-23	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
At 1st April 2022	28,135,763	6,476	11,810	135	4,608	1,508	544,540	28,704,839
Detrunings	0	0	0	0	0	0	0	0
Additions	48,273	(16)	0	0	0	0	121,095	169,353
Disposals	0	(790)	0	0	0	0	0	(790)
Revaluation	5,109,361	528	966	0	0	0	0	5,110,855
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(35,202)	0	0	0	0	0	0	(35,202)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Transfers (to) / from assets under construction	140,870	0	0	0	0	0	(172,324)	(31,454)
<b>Balance at 31 March 2023</b>	<b>33,399,065</b>	<b>6,198</b>	<b>12,775</b>	<b>135</b>	<b>4,608</b>	<b>1,508</b>	<b>493,311</b>	<b>33,917,601</b>



2022-23	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
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### Depreciation

At 1st April 2022	5,085,655	0	4,729	106	4,608	1,508	0	5,096,605
Detrunings	0	0	0	0	0	0	0	0
Charge for the year	204,980	0	482	25	0	0	0	205,487
Disposals	0	0	0	0	0	0	0	0
Revaluation	970,750	0	384	0	0	0	0	971,133
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(8,773)	0	0	0	0	0	0	(8,773)
Transfers and reclassifications	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2023</b>	<b>6,252,611</b>	<b>0</b>	<b>5,594</b>	<b>131</b>	<b>4,608</b>	<b>1,508</b>	<b>0</b>	<b>6,264,452</b>

<b>Net Book Value at 31 March 2023</b>	<b>27,146,454</b>	<b>6,198</b>	<b>7,181</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>493,311</b>	<b>27,653,149</b>
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<b>Net Book Value at 31 March 2022</b>	<b>23,050,108</b>	<b>6,476</b>	<b>7,081</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>544,540</b>	<b>23,608,234</b>
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### Asset Financing

Owned	23,148,630	6,198	7,099	4	0	0	493,311	23,655,242
Finance-Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	3,997,824	0	0	0	0	0	0	3,997,824
Donated	0	0	82	0	0	0	0	82
<b>Net Book Value at 31 March 2023</b>	<b>27,146,454</b>	<b>6,198</b>	<b>7,181</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>493,311</b>	<b>27,653,148</b>



2021-22	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
At 1st April 2021	25,202,207	6,656	11,036	84	4,609	1,507	551,801	25,777,900
Detrunckings	0	0	0	0	0	0	0	0
Additions	61,885	16	0	51	0	0	114,175	176,127
Disposals	0	(197)	0	0	0	0	0	(197)
Revaluation	2,724,683	0	0	0	(1)	1	0	2,724,683
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	26,323	0	0	0	0	0	0	26,323
Transfers and reclassifications	0	0	0	0	0	0	0	0
Transfers (to) / from assets under construction	120,664	0	774	0	0	0	(121,438)	0
<b>Balances at 31 March 2022</b>	<b>28,135,762</b>	<b>6,475</b>	<b>11,810</b>	<b>135</b>	<b>4,608</b>	<b>1,508</b>	<b>544,538</b>	<b>28,704,836</b>



2021-22	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
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### Depreciation

At 1st April 2021	4,445,328	0	4,216	55	4,610	1,506	0	4,455,715
Detrunings	0	0	0	0	0	0	0	0
Charge for the year	175,072	0	513	18	0	0	0	175,603
Disposals	0	0	0	0	0	0	0	0
Revaluation	451,455	0	0	0	(2)	2	0	451,455
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	13,799	0	0	0	0	0	0	13,799
Transfers and reclassifications	0	0	0	33	0	0	0	33
<b>Balances at 31 March 2022</b>	<b>5,085,654</b>	<b>0</b>	<b>4,729</b>	<b>106</b>	<b>4,608</b>	<b>1,508</b>	<b>0</b>	<b>5,096,605</b>

<b>Net Book Value at 31 March 2022</b>	<b>23,050,108</b>	<b>6,475</b>	<b>7,081</b>	<b>29</b>	<b>0</b>	<b>(0)</b>	<b>544,538</b>	<b>23,608,231</b>
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<b>Net Book Value at 31 March 2021</b>	<b>20,756,878</b>	<b>6,656</b>	<b>6,820</b>	<b>29</b>	<b>(1)</b>	<b>1</b>	<b>551,801</b>	<b>21,322,184</b>
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2021-22	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
<b>Asset Financing</b>								
Owned	19,769,448	6,475	6,999	29	0	(27)	544,538	20,327,462
Finance-Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	3,280,660	0	0	0	0	0	0	3,280,660
Donated	0	0	82	0	0	27	0	109
<b>Net Book Value at 31 March 2022</b>	<b>23,050,108</b>	<b>6,475</b>	<b>7,081</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>544,538</b>	<b>23,608,231</b>

Transfers and reclassifications include roads and associated land and buildings, which have transferred from Local Authority control as a result of the trunking of those particular sections of the road network. There are some adjustments which reflect the transfer of road assets to local authority control, with the corresponding entry flowing through the general fund. These are zero in 2022-23.

Atkins (RICS Regulated) carry out an annual valuation of the trunk road network. Revaluation is based on Baxter's indexation for all road network assets with the exception of land. Land is valued at market rates based on information supplied by the VOA. All revaluation movements are reflected in the revaluation reserve.





## 6a. Right of use assets

This is a new note for 2022-23 as this is the first year of adoption of IFRS 16 Leases. See Note 1.7 for more information on the adoption of this standard. Transport Scotland has one right of use asset, and this is in relation to a finance lease entered into in November 2022.

	2022-23 Building £'000	2022-23 Total £000
<b>Cost or Valuation Balance at 1st April 2022</b>	0	0
<b>On transition</b>	0	0
Additions	28,409	28,409
Disposals	0	0
<b>At 31 March 2023</b>	<b>28,409</b>	<b>28,409</b>
<b>Depreciation Balance at 1st April 2022</b>	0	0
<b>Charged in year</b>	473	473
Disposals	0	0
<b>At 31 March 2023</b>	473	473
<b>Net book value</b>	<b>27,936</b>	<b>27,936</b>
<b>Analysis of asset financing:</b>		
Owned	0	0
Finance-Leased	27,936	27,936
<b>Net book value</b>	<b>27,936</b>	<b>27,936</b>



## 7. Intangible assets

Purchased computer software licences are capitalised as intangible non-current assets where expenditure of £25,000 or more is incurred. These are valued at historic cost and amortised on a straight-line basis over the expected life of the asset.

	2022-23 £'000	2021-22 £'000
<b>At replacement cost or valuation</b>		
At 1 April	0	554
Additions	0	0
Disposals	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>554</b>
<b>Accumulated amortisation</b>		
At 1 April	0	554
Charge for the year	0	0
Revaluations	0	0
Disposals	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>554</b>
<b>Net Book Value at 31 March</b>	<b>0</b>	<b>0</b>



## 8. Assets held for sale

There were no assets presented for sale by Transport Scotland in 2022-23 (2021-22: nil). Assets classified as held for sale are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their fair value less costs to sell. Assets held for sale are not subject to depreciation or amortisation.

	2022-23 £'000	2021-22 £000
<b>Balance at 1 April</b>	0	0
Transfers to non-current assets	0	0
Transfers from non-current assets	0	0
Disposals	0	0
Change arising on revaluation	0	0
<b>Balance at 31 March</b>	0	0



## 9. Financial assets

Investments in entities that are not classified to central government are financial instruments within the scope of IFRS 9 Financial Instruments.

As at 31 March 2023, Scottish Ministers, represented by Transport Scotland, are the sole shareholder in Caledonian Maritime Assets Ltd (CMAL), David MacBrayne Ltd (DML), Highlands and Islands Airports Ltd (HIAL), TS Prestwick HoldCo Ltd and Scottish Rail Holdings Ltd (SRH).



Lifeline air services –  
Barra beach runway plane landing

Scottish Ministers hold the following share investments:

Caledonian Maritime Assets Ltd	1,500,000 ordinary shares of £10 each
David MacBrayne Ltd	5,500,002 ordinary shares of £1 each
Highlands and Islands Airports Ltd	50,000 ordinary shares of £1 each
TS Prestwick Holdco Ltd	1 ordinary shares of £1
Scottish Rail Holdings Ltd	1 ordinary shares of £1

These organisations are operated and managed independently of the Scottish Government, and do not fall within the Departmental Accounting boundary. The companies all publish an annual report and accounts. The net assets and results of the above bodies are summarised overleaf.



2022-23	Interests in Nationalised Industries & Limited Companies £'000	Voted Loans £'000	Other Funds £'000	Total Reserves £'000
Balance at 1st April 2022	20,550	166,204	137,184	323,938
<b>Advances and repayments</b>				
Cash advances	0	48,616	11,907	60,523
Transfers	0	0	(11,626)	(11,626)
Repayments	0	(8,936)	(2,417)	(11,352)
Discounting of EST Loans	0	0	323	323
Effective Interest Receivable	0	0	3,573	3,573
<b>Balance at 31 March 2023</b>	20,550	205,884	138,943	365,379

**Analysed by:**

Loans repayable within 12 months in Current Assets	0	9,058	7,564	16,622
Loans repayable after 12 months in Non Current Assets	20,550	196,826	131,380	348,757

2021-22	Interests in Nationalised Industries & Limited Companies £'000	Voted Loans £'000	Other Funds £'000	Total Reserves £'000
Balance at 1st April 2021	20,550	137,912	119,888	278,350
<b>Advances and repayments</b>				
Cash advances	0	37,094	33,432	70,526
Transfers	0	0	0	0
Repayments	0	(8,801)	(1,137)	(9,938)
Discounting of EST Loans	0	0	(21,484)	(21,484)
Effective Interest Receivable	0	0	6,484	6,484
<b>Balance at 31 March 2022</b>	20,550	166,204	137,184	323,938

**Analysed by:**

Loans repayable within 12 months in Current Assets	0	8,928	1,720	10,648
Loans repayable after 12 months in Non Current Assets	20,550	157,276	135,463	313,290



	Scottish Rail Holdings Ltd	Highlands & Islands Airports Ltd	Caledonian Maritime Assets Ltd	David MacBrayne Ltd
	£m	£m	£m	£m
Net assets / (liabilities) as at 31 March 2023	48	171.5	138.5	40.9
Turnover	274	27.1	44.1	220.6
Profit / (loss) for the financial year	(696.9)	(37.9)	(6.4)	17.0

### Highlands and Islands Airports Limited (HIAL)

Scottish Ministers are the sole shareholder in HIAL. The company's purpose is to maintain the safe operation of its airports to support economic and social development in the Highland and Islands. HIAL currently operates 11 airports; 10 in the Highlands and Islands and also Dundee, which it operates via a wholly owned subsidiary company, Dundee Airport Ltd.

### Caledonian Maritime Assets Limited (CMAL)

Scottish Ministers are the sole shareholder in Caledonian MacBrayne Ltd, which became known as Caledonian Maritime Assets Ltd (CMAL) following a restructure in 2006, and retained ownership of the vessels and ports, which it leases to the operator of the Clyde & Hebrides Ferry services.

### David MacBrayne Limited (DML)

Scottish Ministers are the sole shareholder in David MacBrayne Ltd, which became the holding company for CalMac Ferries Ltd following the restructuring in 2006. CalMac Ferries Ltd provides the Clyde & Hebrides Ferry Services under a subsidised public service contract with Scottish Ministers.

### TS Prestwick HoldCo Limited

Scottish Ministers are the sole shareholder in TS Prestwick Holdco Ltd, which became the holding company of Glasgow Prestwick Airport in 2013 purchased through Transport Scotland. Transport Scotland advanced loan funding to the Group to cover the cash deficit arising from its operating deficit and capital expenditure. To re-align governance arrangements the loan was transferred to Strategic Commercial Assets Division in SG on 25 January 2023 and is no longer held as an Investment in Transport Scotland accounts. Transport Scotland no longer has a continuing involvement in this Financial Asset.



## Scottish Rail Holdings Limited (SRH)

Scottish Ministers are the sole shareholder of SRH, which is the holding company of ScotRail Trains Limited (SRT), which took over the operation of ScotRail services on 1 April 2022. SRH is responsible for providing oversight and managing the provision of rail passenger services by SRT under the terms of a Grant Agreement.

### Voted Loans

These represent loans that Transport Scotland provides to CMAL for the procurement of new shipping and to HIAL to renew and improve commercial airport infrastructure.

## Other funds

These represent loans that Transport Scotland provides to the Energy Savings Trust to fund energy efficient transport initiatives.

In respect of IFRS 12, it should be noted that Scottish Rail Holdings, HIAL and David MacBrayne are classed as Non-Departmental Public Bodies (NDPBs) and are treated in accordance with the **HM Treasury Consolidated Budgeting Guidance**.

Transport Scotland has taken account of these bodies' forecast expenditure within its budget.

Transport Scotland also sponsors (but does not own) British Waterways Scotland, trading as Scottish Canals, under a framework agreement. British Waterways is a statutory body, is classed as an NDPB, and as such is treated in accordance with the HM Treasury Consolidated Budgeting Guidance.

CMAL is classed as a public corporation.



## 10. Trade receivables and other assets

Loans, trade receivables and accrued income are accounted for in accordance with IFRS 9 Financial Instruments. Trade receivables are shown net of a provision for impairment.

10a Analysis by classification	As at 31/03/23 £'000	As at 31/03/22 £'000
<b>Amounts falling due within one year: Trade and other receivables</b>		
Trade and other receivables	8,917	6,264
Damage claims	933	1,975
Prepayments and accrued income	100,633	80,825
	<b>110,483</b>	<b>89,064</b>

<b>Amounts falling due after more than one year:</b>		
Prepayments and other receivables	35,000	40,000
	<b>35,000</b>	<b>40,000</b>

10b Intra-Government balances	As at 31/03/23 £'000	As at 31/03/22 £'000
<b>Amounts falling due within one year: Intra-Government balances</b>		
Other Central Government bodies	57,682	35,165
Local Authorities	23	8,734
Public corporations and trading funds	7,706	0
	<b>65,411</b>	<b>43,898</b>

<b>Balances with bodies external to Government</b>	45,072	45,166
<b>Total receivables</b>	<b>110,483</b>	<b>89,064</b>

<b>Amounts falling due after more than one year: Intra-Government balances</b>		
Other Central Government bodies	0	0
Local Authorities	0	0
Public corporations and trading funds	0	0
	<b>0</b>	<b>0</b>

<b>Balances with bodies external to Government</b>	35,000	40,000
<b>Total receivables</b>	<b>35,000</b>	<b>40,000</b>





Trade receivables are shown net of a provision for impairment as follows:

	As at 31/03/23 £'000	As at 31/03/22 £000
<b>At 1 April</b>	0	0
Charge for the year	0	0
Unused amount released	0	0
Utilised during the year	0	0
<b>At 31 March</b>	0	0



Chris Watt Photography



## 11. Trade payables and other liabilities

Trade payables and other liabilities are accounted for in accordance with IFRS 9 Financial Instruments.

	As at 31/03/23 £'000	As at 31/03/22 £'000
<b>11a Analysis by classification</b>		
<b>Amounts falling due within one year:</b>		
<b>Trade and other payables</b>		
Trade payables	8,935	47,871
Accruals	151,106	238,053
Other payables	74,870	52,550
Financial liabilities – IFRS 16 Leases	258	0
Financial liabilities – PFI	40,806	38,419
Deferred income	83	83
	<b>276,058</b>	<b>376,976</b>
<b>Amounts falling due after more than one year:</b>		
Other payables	292	292
Financial liabilities – IFRS 16 Leases	28,261	0
Financial liabilities – PFI	1,032,777	1,073,583
	<b>1,061,330</b>	<b>1,073,875</b>



	As at 31/03/23 £'000	As at 31/03/22 £'000
<b>11b Intra-Government balances</b>		
<b>Amounts falling due within one year: Intra-Government balances</b>		
Other Central Government bodies	3,131	2,524
Local Authorities & Health Boards	53,101	42,603
Public corporations and trading funds	19,117	61,991
	<b>75,349</b>	<b>107,118</b>
<b>Balances with bodies external to Government</b>	200,709	269,858
<b>Total payables</b>	<b>276,058</b>	<b>376,976</b>
<b>Amounts falling due after more than one year: Intra-Government balances</b>		
Other Central Government bodies	0	0
Local Authorities & Health Boards	0	0
Public corporations and trading funds	0	0
	0	0
<b>Balances with bodies external to Government</b>	1,061,330	1,073,875
<b>Total payables</b>	<b>1,061,330</b>	<b>1,073,875</b>



## 12. Provisions for liabilities and charges

### Land and property acquisition

Land and property acquisition provision relates primarily to the estimates made of the likely compensation payable in respect of planning blight, discretionary and compulsory acquisition of property from property owners arising from physical construction of a road or rail scheme. When land is acquired by compulsory purchase, it is often not known when compensation settlements will be made. A provision for the estimated total cost of land acquired is created when it is expected that a General Vesting Declaration (GVD) will be published in the near future. It may take several years from the announcement of a scheme to completion and final settlement of all liabilities. The estimates provided by the VOA are reviewed biannually.

### Major Projects

Major projects provision relates to compensation claims made in respect of work done on projects that have not yet been fully settled.

### Other

Transport Scotland agreed to meet the additional costs of benefits payable to specific employees who retired early until they reach the age of 60, at which point the liability is assumed by the PCSPS. The cost of these benefits is provided in full when the employee retires.



## 12a Provisions for liabilities and charges

	Land and Property Acquisition £'000	Major Projects £'000	Other £'000	Total £'000
<b>2022-23</b>				
Balance as at 1st April 2022	24,580	0	3,059	27,639
Provided in year	9,200	3,270	6,522	18,992
Provisions not required written back	(5,258)	0	(3,043)	(8,301)
Provisions utilised in year	(3,278)	0	(4)	(3,282)
Discount amortised	(179)	0	9	(170)
<b>Balance as at 31 March 2023</b>	<b>25,065</b>	<b>3,270</b>	<b>6,543</b>	<b>34,878</b>
<b>2021-22</b>				
Balance as at 1st April 2021	26,494	0	3,051	29,545
Provided in year	0	0	7	7
Provisions not required written back	0	0	0	0
Provisions utilised in year	(1,692)	0	0	(1,692)
Discount amortised	(222)	0	1	(221)
<b>Balance as at 31 March 2022</b>	<b>24,580</b>	<b>0</b>	<b>3,059</b>	<b>27,639</b>

## 12b Analysis of expected timing of discounted flows

	Land and Property Acquisition £'000	Major Projects £'000	Other £'000	Total £'000
In the remainder of the period to 2024	22,415	2,610	6,539	31,564
Between 2025 and 2028	2,650	660	4	3,314
Between 2028 and 2033	0	0	0	0
Thereafter	0	0	0	0
<b>Balance as at 31 March 2023</b>	<b>25,065</b>	<b>3,270</b>	<b>6,543</b>	<b>34,878</b>
In the remainder of the period to 2023	20,743	0	3,032	23,775
Between 2024 and 2027	3,837	0	27	3,864
Between 2026 and 2030	0	0	0	0
Thereafter	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>24,580</b>	<b>0</b>	<b>3,059</b>	<b>27,639</b>



### 13. Movement on working capital balances

	Note	As at 31/03/23 £'000	As at 31/03/22 £'000	2022-23 Net Movement £'000	2021-22 Net Movement £'000
<b>Receivables</b>					
Due within one year	10	110,483	89,064	(21,419)	54,488
Due after more than one year	10	35,000	40,000	5,000	10,000
<b>Net (increase) / decrease</b>		<b>145,483</b>	<b>129,064</b>	<b>(16,419)</b>	<b>64,488</b>
<b>Payables</b>					
Due within one year	11	276,058	376,976	(100,918)	89,523
Due after more than one year	11	1,061,330	1,073,875	(12,545)	(38,419)
		<b>1,337,388</b>	<b>1,450,851</b>	<b>(113,463)</b>	<b>51,104</b>
Less: IFRS 16 Liabilities included in above	11	28,519	0	28,519	
Less: PFI creditors included in above	11	1,073,583	1,112,002	(38,419)	(35,593)
Less: Capital accruals included in the above		(70,740)	(44,424)	(26,316)	(123,721)
<b>Net increase / (decrease)</b>		<b>306,026</b>	<b>383,273</b>	<b>(77,247)</b>	<b>210,418</b>
Provisions	12	34,878	27,639	7,239	(1,906)
<b>Net increase / (decrease)</b>		<b>34,878</b>	<b>27,639</b>	<b>7,239</b>	<b>(1,906)</b>
<b>Net movement increase / (decrease)</b>		<b>486,387</b>	<b>539,976</b>	<b>(53,590)</b>	<b>144,025</b>



## 14. Capital commitments

Transport Scotland's capital commitments relate to future payments on major road schemes currently under construction and capital infrastructure contracts. The contracts have been awarded and the loans agreed. These commitments have not been reflected elsewhere in the accounts.

	Value of Commitment Payable			Total £'000
	In 1 Year £'000	2-5 Years £'000	> 5 years £'000	
<b>Transport Scotland Directorates</b>				
Major Projects	1,787	702	0	2,489
Roads	67,296	171,740	25,298	264,334
<b>Total contracted capital commitments for which no provision has been made</b>	<b>69,082</b>	<b>172,442</b>	<b>25,298</b>	<b>266,823</b>



## 15. Commitments under IFRS 16 leases

Commitments under leases now fall under IFRS 16 Leases.

The below tables show commitments for a low value and less than 12-month operating lease that Transport Scotland entered into in February 2023, and a finance lease entered into in November 2022.

### Commitments for Low value / less than 12 month Operating Leases

	As at 31 Mar 2023 £000s	As at 31 Mar 2022 £000s
<b>Land and Buildings</b>		
Within one year	294	1,335
Within two to five years (inclusive)	0	0
After five years	0	0
<b>Total</b>	<b>294</b>	<b>1,335</b>

### Split of costs

	As at 31 Mar 2023 £000s
<b>Land and Buildings Rental Costs - Operating Leases</b>	
Operating Lease Rentals	294
<b>Total Rental Costs</b>	<b>294</b>





## Commitments for Finance Leases also shown as Right of Use Assets

	As at 31 Mar 2023 £000s
<b>Land and Buildings Obligations under finance leases</b>	
The total future lease payments under finance leases	
Total lease payments due within one year	262
Total lease payments due between within two to five years	2,789
Total lease payments due thereafter	25,468
<b>Sub-total</b>	<b>28,519</b>
Less interest element	3,997
<b>Present Value of Obligations under Finance Lease</b>	<b>24,523</b>

	As at 31 Mar 2023 £000s
<b>Land and Buildings Obligations under finance leases</b>	
The total future lease payments under finance leases	
Total lease payments due within one year	(8)
Total lease payments due between within two to five years	1,514
Total lease payments due thereafter	23,017
<b>Present Value of Obligations under Finance Lease</b>	<b>24,523</b>



## 16. Service concession arrangements

Transport Scotland has entered into the following PFI contracts for the design, build, finance, and maintenance of assets reflected on the Statement of Financial Position:

**M6 (A74M)** – the contract covers the design, construction, and financing of 28.3km of new motorway, as well as the operation and maintenance of 90km of existing motorway. Payments are made under a shadow toll regime. The toll period began in July 1997 and expires in July 2027.

**M77** – the contract is a Public Private Partnership (PPP) entered into with East Renfrewshire and South Lanarkshire Councils. The project covers the design, construction, financing, and operation of 15km of motorway and 9km local road to the A726 trunk road. Payments are made under a shadow toll regime. The toll period began in April 2005 and expires in April 2035.

**M80** – the contract covers the design, build and financing of approximately 18 km of motorway and associated roads, junctions, structures and associated works and their on-going maintenance for a period of 30 years. Unitary charge payments commenced in September 2011 and will cease in September 2041.

Under IFRIC 12 Service Concession Arrangements, the substance of these PFI contracts is that of a finance lease, with the asset being recognised. Payments under PFI contracts comprise two elements: imputed finance lease charges including interest and services charges.

We have reviewed the degree of control exercised by each of the parties in existing PFI contracts and conclude that the degree of control we retain satisfies the requirements that the related assets created are required to be accounted for on our Statement of Financial Position.

We also have the following design, build, finance and operate (DBFO) contracts, under the NPD model.

The **M8, M73, M74** Motorway Improvements Project involved upgrades to the A8 Baillieston to Newhouse, completion of the M8 between Glasgow and Edinburgh, and included improvements to the M74 Raith Interchange and the widening of other key sections of the M8, M73 and M74. The NPD contract also incorporates the management, operation, and maintenance of this section of the motorway for the next 30 years. The new improvements opened to traffic in April 2017. The unitary charge payments are committed and will cease in 2047.

The **AWPR / B-T** (Aberdeen Western Peripheral Route / Balmedie-Tipperty) project involved the construction of a new dual carriageway around the City of Aberdeen and upgrading of the road between Balmedie and Tipperty to dual carriageway. The NPD contract also incorporates the management, operation, and maintenance of these roads for the next 30 years. The unitary charge payments became committed in phases from Autumn 2016 and will cease in 2048. The final phase of the project opened to traffic in February 2019.



## Commitments under PFI Contracts

	As at 31/03/23 £'000	As at 31/03/22 £'000	As at 31/03/21 £'000
<b>Imputed finance lease obligations under PFI contracts comprise:</b>			
Rentals due within one year	115,768	114,979	113,642
Rentals due within two to five years	439,375	460,696	461,565
Rentals due thereafter	1,465,123	1,563,445	1,676,246
	2,020,266	2,139,120	2,251,453
Less: Interest element (finance cost)	(946,683)	(1,027,117)	(1,103,858)
<b>Total capital cost</b>	<b>1,073,583</b>	<b>1,112,003</b>	<b>1,147,595</b>

	As at 31/03/23 £'000	As at 31/03/22 £'000	As at 31/03/21 £'000
<b>Imputed service charge obligations under PFI contracts comprise:</b>			
Service charge due within one year	29,846	38,326	57,333
Service charge due within two to five years	161,036	137,810	136,521
Service charge due thereafter	1,029,306	1,091,265	1,132,189
<b>Total service charge</b>	<b>1,220,188</b>	<b>1,267,401</b>	<b>1,326,043</b>



## 17. Other financial commitments

	Value of Commitment Payable			Total £'000
	In 1 Year £'000	2-5 Years £'000	> 5 years £'000	
<b>Transport Scotland Directorates</b>				
Rail	1,344,655	5,159,464	1,243,324	7,747,443
Air	4,032	0	0	4,032
Ferries	273,201	215,704	0	488,905
Roads	5,510	0	0	5,510
Transport Strategy and Analysis	15,000	0	0	15,000
<b>Total</b>	<b>1,642,398</b>	<b>5,375,168</b>	<b>1,243,324</b>	<b>8,260,890</b>

### Rail

The table above takes into consideration the below key outcomes.

- The Scottish Government announced a decision to terminate the contract to run the Caledonian Sleeper service seven years early, and so from 26 June 2023, the Caledonian Sleeper Service will no longer be operated within the terms of the current franchise agreement with Serco. The Scottish Government subsequently considered and decided that Caledonian Sleeper Ltd (CSL) services will be delivered via the existing NDPB (Scottish Rail Holdings).
- Network Rail outputs and associated funding for Control Period 7 (CP7) from 1 April 2024 to 31 March 2029 was determined by the Office of Rail Regulation (ORR). The overall funding available for Network Rail in CP7 was published in the Statement of Funds Available (SoFA). The Determinations for the current control period, CP6 and subsequent

control period, CP7 are included in the table above. SoFA for CP7 varies from previous control periods in that Enhancements no longer form part of the determination. From 2023-24, commitments in the above table exclude values for Enhancement projects not yet agreed.

Transport Scotland subsidised three rail operators that provide services in Scotland. These were: ScotRail Trains Ltd (SRT) via the NDPB holding company Scottish Rail Holdings Ltd (SRH), of which SRT is a subsidiary; Serco Caledonian Sleeper Limited via the franchise agreement; and First TransPennine Express Limited (Cross Border Services) via a service level agreement (for additional stop to new Reston train station). The total amount charged to the Statement of Comprehensive Net Expenditure reflects the grants paid to Network Rail for OMR and enhancements, Cash Grant In Aid payments for SRH and subsidy payments for Serco Caledonian Sleeper Ltd and Cross Border Services. This is summarised on the next page.



	2022-23 £'000	2021-22 £'000
Network Rail OMR	472,965	532,053
Network Rail Enhancement Grant	180,011	138,595
Scottish Rail Holdings / Abellio ScotRail	694,810	788,857
Serco Caledonian Sleeper Limited & Cross Border Services	29,799	42,791
<b>Total</b>	<b>1,377,585</b>	<b>1,502,296</b>

## Ferries

The agency has entered into contracts (which are not leases or PFI contracts or other service concession arrangement) for provision of ferry services in two regions – the Clyde and Hebrides; and Northern Isles.

The Clyde and Hebrides contract (CHFS) runs from October 2016 to October 2024 and is provided by CalMac Ferries Ltd.

The Northern Isles contract (NIFs) runs from 30 June 2020 - 30 June 2028 and is operated by Serco NorthLink Ferries. There is a break clause after CY6 (30 June 2026) in the NIFs contract, so costs after this are not shown in the table above.

## Lifeline air services

We support air routes from Glasgow to Barra, Tiree and Campbeltown. While the number of people using these routes is not enough to make them commercially viable for airlines, they nevertheless provide important connectivity to local communities.

To do this, we use Public Service Obligations (PSOs), which are obligations imposed on a route to provide a set specification of service. A PSO imposes obligations to ensure the minimum provision of service on a route in terms of continuity, regularity, pricing, or minimum capacity.

Our contract with Loganair for these three routes runs until 24 October 2023.

PSOs have also been imposed on routes within Shetland, Orkney, Comhairle nan Eilean Siar and Argyll & Bute, all of which are subsidised by the local authorities.

The subsidy ensures that these isolated communities have air links with a main centre. Under Subsidy Control rules, it is necessary to seek competitive bids to allow subsidy to be paid.

## Roads

We provide grant funding to the Scottish Police Authority on an annual basis. This is based on the Safety Camera Programme handbook and the operational planning agreement.

## Transport Scotland Strategy and Analysis

We provide funding along with Perth and Kinross Council for the Cross Tay Link Road via the Tay Cities Region Deal. The Cross Tay Link Road has been heralded as playing a vital role in the future of Perth and Kinross – both economically and environmentally.



## 18. Financial instruments

### 18a Financial Instruments by Category

2022-23	Note	Total Financial Assets at Amortised Cost £'000	Total £'000
<b>Assets per Statement of Financial Position</b>			
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable	-	399,139	399,139
<b>Balance as at 31 March 2023</b>	-	399,139	399,139

2022-23	Note	Other Financial Liabilities £'000	Total £'000
<b>Liabilities per Statement of Financial Position</b>			
PFI & IFRS 16 liabilities	15, 16	1,102,103	1,102,103
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)	-	235,286	235,286
<b>Balance as at 31 March 2023</b>	-	1,337,388	1,337,388

2021-22	Note	Total Loans & Receivables £'000	Total £'000
<b>Assets per Statement of Financial Position</b>			
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable.	-	353,360	353,360
<b>Balance as at 31 March 2022</b>	-	353,360	353,360

2021-22	Note	Other Financial Liabilities £'000	Total £'000
<b>Liabilities per Statement of Financial Position</b>			
PFI liabilities	16	1,112,003	1,112,003
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)	-	333,849	333,849
<b>Balance as at 31 March 2022</b>	-	1,445,852	1,445,852



## 18b financial risk factors

### Exposure to risk

Due to the largely non-trading nature of its activities and the way in which Government Departments are financed, Transport Scotland is not exposed to the degree of financial risk faced by many other business entities. A high-level review of risk

management is now considered at each meeting of the Audit and Risk Committee.

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed are the contractual discounted cash flows. Balances due within 12 months are included at their carrying balances as the impact of discounting is not significant.

	Carrying value £'000	0-12 months £'000	1-2 years £'000	3-5 years £'000	6-10 years £'000	>10 years £'000
<b>2022-23</b>						
Non-derivative liabilities	1,102,103	41,068	86,172	118,994	249,957	605,911
Derivative liabilities	0	0	0	0	0	0
<b>Total financial liabilities</b>	<b>1,102,103</b>	<b>41,068</b>	<b>86,172</b>	<b>118,994</b>	<b>249,957</b>	<b>605,911</b>

	Carrying value £'000	0-12 months £'000	1-2 years £'000	3-5 years £'000	5-10 years £'000	>10 years £'000
<b>2021-22</b>						
Non-derivative liabilities	1,112,003	38,419	40,807	128,604	214,544	689,629
Derivative liabilities	0	0	0	0	0	0
<b>Total financial liabilities</b>	<b>1,112,003</b>	<b>38,419</b>	<b>40,807</b>	<b>128,604</b>	<b>214,544</b>	<b>689,629</b>

### Cash flow and fair value interest rate risk

Transport Scotland's loans to CMAL accrue interest at the rate set for the National Loans Fund at the rate specified by the European Commission.

Income, expenditure, and cash flows are dependent on changes in market interest rates that affect this. Transport Scotland has interest bearing liabilities in respect of PFI schemes and IFRS 16 lease rentals that are determined in the contracts entered in to and, as such, the related income, expenditure, and cash flows are substantially independent of changes in market interest rates.



## 19. Contingent liabilities

### 19a Contingent liabilities disclosed under IAS 37

As part of Transport Scotland's normal course of business, the Forestry Commission grants the right to use a forestry track as an emergency diversion route on the A83 Rest and Be Thankful on the understanding that TS has the liability for any incidents that may occur whilst the track is being used for this purpose. The potential obligation is estimated at £5 million but it is considered unlikely that any liability will occur.

### 19b Remote contingent liabilities not required under IAS 37 but included for Parliamentary reporting and accountability purposes

The FReM states that where information about contingent liabilities is not required to be disclosed because the likelihood of a transfer of economic benefits is considered too remote, they should be disclosed separately for Parliamentary reporting and accountability purposes.

#### i. Contracts held by Transport Scotland should include indemnity clauses where risk is either considered part of the normal course of business or is not quantifiable:

- Operating agreements (Caledonian Sleeper Rail Franchise Agreement and ScotRail Grant) with indemnities to Serco Caledonian Sleeper Ltd commencing 1 April 2015 and ScotRail Trains commencing 1 April 2022, respectively.
- Indemnity clauses in roads contracts to compensate Network Rail for any damage or loss of access

#### ii. Guarantees / Letters of Comfort issued by Transport Scotland on behalf of Scottish Ministers:

- Guarantees issued under Section 54 of the Railways Act 1993 as part of rail rolling stock procurement process which enables Scottish Ministers to give undertakings regarding the use of rolling stock. These undertakings can specify that Scottish Ministers will require subsequent operators to use the rolling stock. The table below summarises quantifiable contingent liabilities in relation to these guarantees with the amounts disclosed reflecting the highest reasonable estimate of the possible liability.

Guarantees in Place as at 31 Mar 2023	£m
Section 54 guarantee for Caledonian Sleeper Class 385 type Rolling Stock until 31 March 2040	138.5
Section 54 guarantee for Eversholt Class 380 type Rolling Stock until 31 December 2040	76.1
Section 54 guarantee for Porterbrook Class 170 type Rolling Stock until 31 March 2035	20.7
Section 54 guarantee for Class 334 type Rolling Stock until 31 December 2030 (Lease expires on same date)	-
<b>Total</b>	<b>235.3</b>

Note. Scotrail Trains Grant Agreement expires on 31 March 2032 and the liabilities shown above are from that date to the end of the Section 54 guarantee.

- Commitment towards the continued funding of the pension obligations of ScotRail Trains Ltd and Serco





Caledonian Sleeper Ltd through the Grant and Franchise Agreements.

### iii. Other contingent liabilities held by Transport Scotland:

- Under the terms of the Clyde and Hebrides Ferry Services contract, Scottish Ministers are responsible for any increased pension costs due under the Calmac Pension Scheme. During 2021-22, Transport Scotland made an additional capital payment of £10.9 million to reduce the level of a historic deficit, which has accumulated in the scheme, and to reduce the impact on resource budgets until the next tri-ennial review is carried out in April 2024. Whilst this payment addresses some of the more immediate concerns, without further action being taken to restructure the pension scheme, it is inevitable that further deficits will emerge in future years. It is however not possible to predict with any certainty the value of any such future deficits.
- Following the transfer of the operation of ScotRail passenger rail services from Abellio ScotRail to ScotRail Trains after 31 March 2022 a reconciliation of funds paid to Abellio ScotRail under the Emergency (EMA) and Temporary Measures Agreements (TMA) against the net costs incurred was required to be undertaken. This entailed an obligation on either party to recompense the other with the amount of funds due in respect of the difference between the funding paid compared to the net cost of discharging the obligations in these agreements. This represented a contingent liability in respect of a potential settlement that Transport Scotland may have required to reimburse Abellio ScotRail should the reconciliation determine that the net costs incurred exceeded the funding provided. A £10m overspend was realised during 2022-23 re the settlement of the Abellio ScotRail Net Asset Statement. Further obligations are still being reviewed and it is anticipated that a conclusion will be reached in late 2023-24.
- Following the transfer of the operation of Serco Caledonian Services Ltd (SCSL) to CSL (subsidiary of Scottish Rail Holdings Ltd (SRH) after June 2023, a reconciliation of funds paid to SCSL under the TMA against the net costs incurred will be required to be undertaken. This will entail an obligation on either party to recompense the other with the amount of funds due in respect of the difference between the funding paid compared to the net cost of discharging the obligations in these agreements. This represents a contingent liability in respect of a potential settlement that Transport Scotland may require to reimburse SCSL should the reconciliation determine that the net costs incurred exceed the funding provided.
- There are a number of compulsory purchase compensation claims ongoing, upon which some compensation may be payable in the future. These cases are currently ongoing, and the amount payable has not been quantified at this stage.
- During 2022-23 Scottish Ministers signed a legally binding covenant which was issued to the Trustees of the Highlands and Islands Pension Scheme. This covenant provided guarantees to the Trustees that Scottish Ministers would become liable to make any payments due to the pension scheme in the event that the principal employer, Highlands and Islands Airports Ltd, are unable to pay any sum owed to the pension scheme.



## 20. Related party transactions

Transport Scotland is an Executive Agency of the Scottish Government. The Scottish Government is regarded as a related party with which it had various material transactions during the year. Scottish Rail Holdings Ltd, David MacBrayne Ltd, Caledonian Maritime Assets Ltd, and Highlands and Islands Airports Ltd are wholly owned subsidiaries in the name of the Scottish Ministers, with whom Transport Scotland also had various material transactions during the year. ScotRail Trains Limited and SOLR2 are subsidiaries of Scottish Rail Holdings Limited under the statutory Operator of Last Resort arrangements. SOLR2 subsidiary was re-named after 2 March 2023 when it became Caledonian Sleeper Limited.

For the operation of ScotRail train services from April 2022, two of the companies were mobilised, Scottish Rail Holdings Limited and ScotRail Trains Limited. Caledonian Sleeper Limited (previously SOLR2) is on schedule to mobilise after 25 June 2023 when the current Serco Caledonian Sleeper Rail Franchise terminates.

Transport Scotland's, Bill Reeve (Director of Rail) and Lee Shedden (Head of Rail Finance), were nominated as directors of these companies during the preparatory period. Both Lee Shedden and Bill Reeve resigned as Directors of ScotRail Trains Limited from 1 April 2022 and remain Directors of Caledonian Sleeper Limited). Lee Shedden continues as a Non-Executive Director of Scottish Rail Holdings Ltd.

Loans were advanced to and repaid by CMAL to fund vessel construction, and to HIAL to support airport infrastructure. Grants were paid to HIAL to subsidise its operating and capital expenditure and to CMAL to fund agreed pier and harbour infrastructure projects. David MacBrayne Ltd is the parent company of Calmac Ferries Ltd and Argyll Ferries Ltd who operated ferry services under contracts with Transport Scotland, and which Transport Scotland supported via the payment of subsidies.

Transport Scotland paid grants to British Waterways Scotland, trading as Scottish Canals, for the operation and maintenance of Scottish canals and related infrastructure and capital grants for related investments during the year.

Transport Scotland also had significant transactions with Local Authorities, Strathclyde Partnership for Transport, Scottish Water, and the Tay Road Bridge Joint Board during the year, principally in relation to payment of grants to deliver specific transport objectives.

All interests declared by members of the Transport Scotland Senior Management Team are of a minor nature and have no impact on the awarding of contracts and commissions.



## 21. Segmental reporting

### 21a Business Segments – Statement of Comprehensive Net Expenditure

2022-23	Resource £'000	Net Investment £'000	Income £'000	Non Cash £'000	AME £'000	ODEL £'000	Total £'000
<b>Total continuing segments</b>							
Roads	147,347	206,888	(1,236)	204,980	8,812	110,666	677,457
Rail	413,849	983,324	(3,765)	0	0	0	1,393,408
Bus services	412,883	1,447	(259)	0	0	0	414,071
Other public transport	21,539	0	(171)	1,363	0	0	22,731
Ferry services in Scotland	212,846	75,477	(5,210)	0	0	0	283,113
Air services in Scotland	59,911	16,759	0	0	0	0	76,670
Other transport directorate programmes	37,087	117,052	(1,891)	0	0	0	152,248
Scottish Futures Fund	92	40,650	0	0	(3,896)	0	36,846
Grants to Local Authorities	33,095	49,371	0	0	0	0	82,466
	<b>1,338,649</b>	<b>1,490,968</b>	<b>(12,532)</b>	<b>206,343</b>	<b>4,916</b>	<b>110,666</b>	<b>3,139,010</b>

2021-22	Resource £'000	Net Investment £'000	Income £'000	Non Cash £'000	AME £'000	ODEL £'000	Total £'000
<b>Total continuing segments</b>							
Roads	134,276	201,671	96	175,072	0	128,583	639,698
Rail	541,744	984,198	(5,465)	0	0	0	1,520,477
Bus services	380,590	4,404	(302)	1	0	0	384,693
Other public transport	27,288	0	0	532	0	0	27,820
Ferry services in Scotland	185,524	48,538	(4,181)	0	0	0	229,881
Air services in Scotland	53,901	36,183	(1,023)	0	0	0	89,061
Other transport directorate programmes	47,776	88,334	(2,120)	0	15,000	0	148,990
Scottish Futures Fund	1,049	92,059	0	0	0	0	93,108
Grants to Local Authorities	0	55,254	0	0	0	0	55,254
	<b>1,372,148</b>	<b>1,510,641</b>	<b>(12,995)</b>	<b>175,605</b>	<b>15,000</b>	<b>128,583</b>	<b>3,188,982</b>



## 21b Business Segments – Capital Expenditure

2022-23	Trunk Road Maintenance £'000	Capital Projects £'000	Other Assets £'000	Voted Loans £'000	Total Capital Expenditure £'000
<b>Total continuing segments</b>					
Roads	79,406	80,147	0	0	159,553
Rail	0	0	0	0	0
Other public transport	0	0	28,606	0	28,606
Other transport directorate programmes	0	0	0	9,844	9,844
Ferry, aviation, and other services in Scotland	0	0	(353)	39,680	39,327
	<b>79,406</b>	<b>80,147</b>	<b>28,253</b>	<b>49,524</b>	<b>237,330</b>

2021-22	Trunk Road Maintenance £'000	Capital Projects £'000	Other Assets £'000	Voted Loans £'000	Total Capital Expenditure £'000
<b>Total continuing segments</b>					
Roads	61,885	114,046	0	0	175,931
Rail	0	0	0	0	0
Other public transport	0	0	0	0	0
Ferry, aviation, and other services in Scotland	0	0	0	60,589	60,589
	<b>61,885</b>	<b>114,046</b>	<b>0</b>	<b>60,589</b>	<b>236,520</b>



## 22. Notional charges

The following notional charges have been included in the accounts:

	Note	2022-23 £'000	2021-22 £'000
<b>The following notional charges have been included in the accounts:</b>			
Auditors' remuneration	3	191	190
		<b>191</b>	<b>190</b>

## 23. Losses and Special Payments

	Number of cases	2022-23 £'000	2021-22 £'000
Total cash losses	19	568	313
Details of cases over £250,000	0	0	0
<b>Including</b>			
- claims abandoned	19	568	313
- active claims	0	0	0

The costs of damage to the trunk road network due to road accidents are charged to Transport Scotland as part of the road maintenance programme. These costs are recovered from the party responsible through their insurance company wherever possible, except where there has been a fatal injury. The costs are held in a debtor account until the recovery is successful.

There is continuous review of the costs held in the debtor account and those deemed recoverable are identified. Irrecoverable costs no longer being pursued amounted to £0.568 million in respect of nineteen cases and these have now been written off. No individual case exceeded £250,000.

## 24. Events after the reporting period

In July 2023, the settlement of a long running legal case was agreed. The associated liability has been reflected in Note 12 Provisions.



## Glossary

Abbreviation	Detail
<b>ABR</b>	Autumn Budget Review
<b>ACCAR</b>	Approach to Climate Change Adaptation and Resilience
<b>AME</b>	Annually Managed Expenditure
<b>AMFC</b>	Aviation, Maritime, Freight and Canals
<b>ATF</b>	Accessible Travel Framework
<b>AWPR / B-T</b>	Aberdeen Western Peripheral Route / Balmedie-Tipperty
<b>BEAR</b>	Bus Emissions Abatement Retrofit Programme
<b>BEIS</b>	Business, Energy, and Industrial Strategy
<b>CAV</b>	Connected and Autonomous Vehicle
<b>CDEL</b>	Capital Departmental Expenditure Limit
<b>CETV</b>	Cash Equivalent Transfer Value
<b>CFL</b>	CalMac Ferries Limited
<b>CHFS</b>	Clyde and Hebrides Ferry Service
<b>CIEM</b>	Chartered Institute for Ecology and Environmental Management
<b>CIHT</b>	Chartered Institution of Highways and Transportation
<b>CMAL</b>	Caledonian Maritime Assets Ltd.
<b>CMP</b>	Carbon Management Plan
<b>CPFA</b>	Chartered Public Finance Accountant
<b>CPI</b>	Consumer Price Index
<b>CSL</b>	Caledonian Sleeper Ltd
<b>CSPS</b>	Civil Service People Survey
<b>CWSR</b>	Cycling Walking Safer Routes
<b>DBFO</b>	Design, Build, Finance and Operate
<b>DEL</b>	Departmental Expenditure Limit
<b>DG</b>	Director General
<b>DIAA</b>	Directorate for Internal Audit and Assurance
<b>DML</b>	David MacBrayne Ltd.
<b>EBR</b>	Emergency Budget Review
<b>ESF</b>	European Structural Fund
<b>FFR</b>	Fair Fares Review
<b>FReM</b>	Financial Reporting Manual
<b>FTE</b>	Full Time Equivalent



Abbreviation	Detail
<b>GVD</b>	General Vesting Declaration
<b>HIAL</b>	Highlands and Islands Airports Limited
<b>HMT</b>	His Majesty's Treasury
<b>IAO</b>	Information Asset Owner
<b>IAR</b>	Information Asset Register
<b>ICO</b>	Information Commissioner's Office
<b>ICT</b>	Information & Communication Technology
<b>IDM</b>	Investment Decision Making Board
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>LCE</b>	Low Carbon Economy
<b>LEZs</b>	Low Emission Zones
<b>MICE</b>	Member of the Institution of Civil Engineers
<b>MOTO</b>	Memorandum Of Terms of Occupation
<b>NDPBs</b>	Non-Departmental Public Bodies
<b>NOx</b>	Nitrogen Oxide
<b>NPD</b>	Non-Profit Distributing
<b>NPF</b>	National Performance Framework
<b>NFI</b>	National Fraud Initiative
<b>NTS</b>	National Transport Strategy
<b>ODEL</b>	Outside Departmental Expenditure Limit
<b>PCSPS</b>	Principal Civil Service Pension Scheme
<b>PfG</b>	Programme for Government
<b>PFI</b>	Private Finance Initiative
<b>PPP</b>	Public Private Partnership
<b>PRIME Markings</b>	Perceptual Rider information for Maximising Expertise and Enjoyment Markings
<b>PM</b>	Particulate Matter
<b>PSOs</b>	Public Service Obligations
<b>RAAVS</b>	Road Authorities Asset Valuation System
<b>RDEL</b>	Resource Departmental Expenditure Limit
<b>RSF</b>	Road Safety Framework
<b>RTP</b>	Regional Transport Partnerships



Abbreviation	Detail
<b>SATE</b>	Sustainable Aviation Test Environment
<b>SBR</b>	Spring Budget Review
<b>SCCAP</b>	Scottish Climate Change Adaptation Programme
<b>ScotZEB</b>	Scottish Zero Emission Bus Challenge Fund
<b>SCSL</b>	Serco Caledonian Services Ltd
<b>SoCNE</b>	Statement of Comprehensive Net Expenditure
<b>SoCTE</b>	Statement of Changes in Taxpayers Equity
<b>SoFA</b>	Statement of Funds Available
<b>SMT</b>	Senior Management Team
<b>SNF</b>	Serco Northlink Ferries
<b>SPFM</b>	Scottish Public Finance Manual
<b>SRH</b>	Scottish Rail Holdings
<b>SRT</b>	ScotRail Trains Limited
<b>SSRB</b>	Senior Salaries Review Body
<b>STAG</b>	Scottish Transport Analysis Guide
<b>STEM</b>	Science, Technology, Engineering and Maths
<b>STPR2</b>	Strategic Transport Projects Review (2)
<b>UAVs</b>	Unmanned Aerial vehicles
<b>ULEVs</b>	Ultra-Low Emission Vehicles
<b>VAT</b>	Value Added Tax





# Annex



# Transport Scotland Accounts

## Direction by the Scottish Ministers



In accordance with section 19(4) of  
the Public Finance and Accountability  
(Scotland) act 2000

1. The statement of accounts for the financial year ended 31 March 2007 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government **Financial Reporting Manual** (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of  
the Scottish Ministers

**Dated 17 January 2006**



Scottish Government  
Riaghaltas na h-Alba



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SCOTLAND**  
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