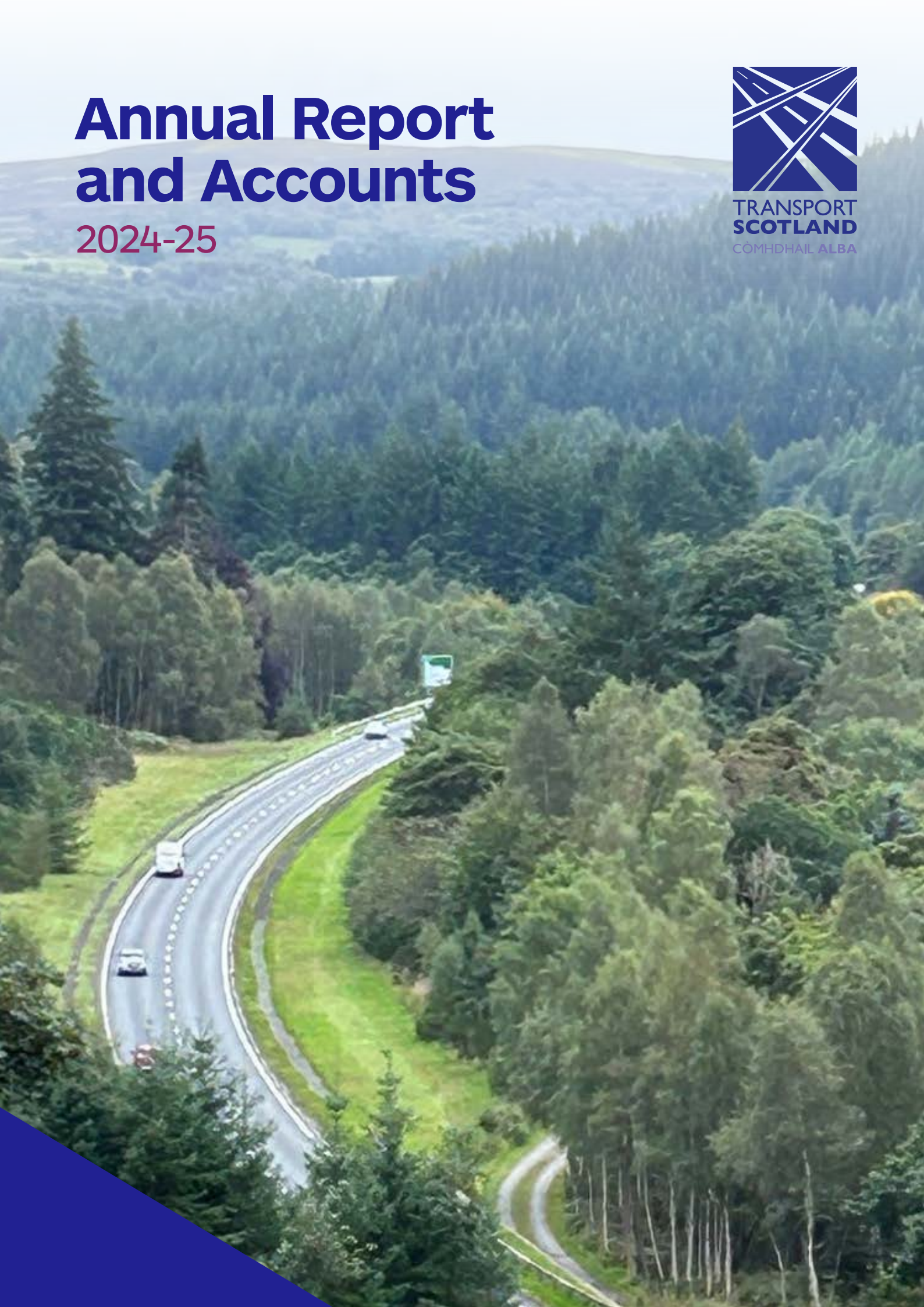




TRANSPORT
SCOTLAND
CÒMHDHAIL ALBA

Annual Report and Accounts

2024-25



Contents



03 Performance Report

- 04 Chief Executive's Foreword
- 06 Our Vision and Purpose
- 07 Our Organisation
- 13 Performance Summary
- 27 Our Key Risks and Challenges

32 Performance Analysis

42 Environmental and Social Matters

- 45 Sustainability
- 47 Social Inclusion and Community Benefits

54 2024-25 Financial Performance

59 Looking Ahead

62 Accountability Report

76 Remuneration and Staff Report

90 Parliamentary Accountability and Audit Report

- 93 Independent Auditors' Report

98 Annual Accounts

- 103 Notes to the accounts

151 Annex

- 152 Transport Scotland Accounts Direction by the Scottish Ministers



Performance Report

Performance Overview

The performance overview section of this report provides 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 2024-25.





Chief Executive's Foreword



Alison Irvine
Interim Chief Executive
Transport Scotland

I am delighted, as Chief Executive of Transport Scotland, to present our 2024-25 Annual Report and Accounts.

Transport Scotland remains focused on the priorities underpinning the vision for Scotland to have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors alike. Ensuring Scotland's transport network remains effective, efficient and resilient in the face of climate change is central to our purpose. Every journey, whether for work, education, connecting with family and friends, accessing essential services or conducting business, relies on a transport system capable of meeting the evolving needs of our people and economy.

As we reflect on the last year, I am proud of the progress made and the pivotal role Transport Scotland continues to play in shaping the future of mobility across the country. The year marks another significant stride towards making our transport system more accessible, available and affordable. This is being achieved through the continued delivery of the National Transport Strategy's four strategic priorities: Reduces Inequalities, Takes Climate Action, Helps Deliver Inclusive Economic Growth and Improves our Health and Wellbeing.

Notable improvements to the network include the reopening of Levenmouth railway in June 2024, reconnecting the communities of Levenmouth to the national rail network for the first time in over 50 years. Another key achievement this year, is the significant progress in our rail electrification work, including major milestones in the electrification of the East Kilbride line. These initiatives contribute to reducing carbon emissions while enhancing service quality and connectivity for our communities.

Accessibility is central to our work and the ongoing provision of free bus travel to all children and young people under 22, eligible disabled people and everyone aged 60 and over helps make transport more affordable and improves everyday mobility. More than 200 million free bus journeys have now been made by children and young people since the Scottish Government introduced free bus travel for under 22s three years ago. We also completed the ScotRail peak-fares removal pilot in September 2024.

Through the transformation of Active Travel, a new holistic delivery model has been developed with delivery partners, introducing a more direct relationship between Transport Scotland and Local Authorities (LAs), Regional Transport Partnerships (RTPs) and National Park Authorities (NPAs). In April 2024, the new People and Place programme was introduced, moving Transport Scotland away from the centralised national funding of services to a devolved, regional-based model. The new model is based on direct funding to the seven RTPs, with behaviour change projects aligned with regional and local transport strategies and responding to specific community needs.



A new tiered delivery model has been introduced for active travel infrastructure. Tier 1 of the Active Travel Infrastructure Fund (ATIF) is the bedrock of our transformed delivery system. All Local Authorities are provided this funding directly through their General Capital Grant and have the flexibility to use it as they see fit to meet active travel needs. The Tier 2 fund is a competitive funding mechanism established by the Scottish Government to support the development and delivery of active travel infrastructure across Scotland from concept to construction, and is open to LAs, RTPs, and NPAs. These funds support the ambitions outlined in Active Travel Strategies, Local Transport Strategies, and Regional Transport Strategies, reinforcing our commitment to regional working and sustained investment in active travel infrastructure.

The maintenance and renewal of Scotland's infrastructure remains a priority, aimed at enhancing connectivity and ensuring safer, more reliable journeys across Scotland. In line with this commitment, we have met every milestone on the A9 dualling programme delivery plan, published and consulted on the A96 dualling review and made good progress on the medium and long-term solutions for the A83 Rest and Be Thankful.

There is continued focus on delivering a net-zero transport system and are actively collaborating with partners in both the public and private sectors to pursue innovative and sustainable solutions. In 2024, we published research exploring where charging and hydrogen fuelling will be needed for Heavy Goods Vehicles (HGVs) in the future and via ScotZEB 2 provided over £20 million in grant funding to Zenobe to deliver a transformational bus decarbonisation project. We also provided substantial funding to local authorities to stimulate private sector investment in the public electric vehicle (EV) charging network. This combined effort led us to reach our target for 6,000 public EV chargers in 2024, two years ahead of the planned schedule of 2026, marking a major achievement in reaching Scotland's transition to a net zero transport system.

Across our Ferry network, we completed due diligence on the direct award of the Clyde and Hebrides Ferry Service (CHFS) 3 contract and the Cabinet Secretary for Transport announced on 8 May 2025 that Scottish ministers agreed a direct award to Calmac Ferries Limited. We took delivery of the Glen Sannox and secured agreement to proceed with the first phase of the Small Vessel Replacement Programme.

As Transport Scotland embarks on its twentieth year, I am proud of the progress we have made and as Chief Executive, I look forward to continuing to work alongside our talented team to deliver the vision for Transport across Scotland.



Our Vision and Purpose

Transport Scotland was formed on 1 January 2006 and is the national transport agency for Scotland and is part of the Scottish Government. Through the development of our transport projects and policies, we support our businesses, communities and services by connecting people across Scotland and beyond. Our purpose is to deliver the Scottish Government's vision for transport, and we focus our activities on delivering, through our **National Transport Strategy (NTS2)**, the transport driven National Outcomes within the **National Performance Framework (NPF)** and the **Programme for Government (PfG)**.

The Strategy sets out the strategic framework within which future decisions on investment will be made and **delivery plans** are published which highlight the actions being taken by the Scottish Government to deliver on the four priorities.

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 alike.

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





Our Organisation

The Chief Executive is the Accountable Officer for the agency, appointed by the Permanent Secretary to the Scottish Government. They are supported by a senior management team comprising eight Directors. Some oversee one or more mode of transport and/or policy areas which are in turn supported by a range of teams covering all aspects of business delivery within their respective areas. Others provide cross-cutting support across finance and corporate services as well as in prioritising future transport policy, climate and sustainability, strategy and investments. The Directors in place over the period of this report were:



Kerry Twyman
Director of Finance
and Corporate Services



Bill Reeve
Director of Rail



Hugh Gillies
Director of Roads



Lawrence Shackman
Director of Major Projects



Alison Irvine
Chief Executive
(Accountable Officer)



Bettina Sizeland
Director of Bus,
Accessibility and
Active Travel



Fiona Brown (Interim)
Director of Transport
Strategy and Analysis



***Chris Wilcock (Interim)**
Director of Ferries



Morna Cannon (Interim)
Director of Environment,
Climate and Sustainability

*Roddy Macdonald left post as Director of Ferries on 28 February 2025 and Chris Wilcock joined post as Interim Director of Ferries on 12 March 2025.



Bus, Accessibility and Active Travel

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, 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.



Ferries

Delivering ferry connectivity for our island communities through designing, procuring and managing the Clyde and Hebrides and the Northern Isles Ferry Services (CHFS and NIFS) contracts. The directorate, working with a range of partners including Caledonian Maritime Assets Limited (CMAL), ferry operators, and port authorities, maintains and improves ferry connectivity through investment in vessels, port and harbours as set out in the Islands Connectivity Plan (ICP).





Finance and Corporate Services

Supports the operation and governance of Transport Scotland which includes core services and advice in areas such as finance, human resources, learning and development, information governance, IT, workplace, facilities, health and safety, secretariat, and communications. The Directorate plays 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. It also has a sponsorship function looking after Scottish Ministers' interests in David MacBrayne Limited, Caledonian Maritime Assets Limited, and Scottish Canals. Collectively, the team supports the business with technical advice and management accounting and reporting to drive best practice, compliance and value for money. Furthermore, it provides strategic advice and a coordination function to the Cabinet Secretary on Portfolio Finance.



Scottish Parliament Building by James Gray

Environment, Climate & Sustainability

Advises and supports Ministers to deliver a Just Transition from a fossil fuelled transport system to a zero-emission transport system supporting transport's ability to improve our natural environment. This includes 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 including for large road vehicles, encouraging skills development to support future net zero needs, working with partners to improve air quality, working to ensure the transport system in Scotland is adapted to the impacts of climate change, and supporting biodiversity and landscape improvements through the transport system.





Major Projects

Delivery of design, development, procurement, and construction of major trunk roads 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. The team is responsible for the delivery of large-scale infrastructure projects, such as road upgrades, expansions and bridge constructions through co-ordination with various stakeholders, including government agencies, local authorities, private contractors and design consultants to ensure project alignment and successful implementation.



Forth Road Bridge by Tommy McPhelim

Rail

Responsible for Scotland's rail policy, delivering major 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. Rail Directorate also has sponsorship lead for and oversight of the services provided by Scotrail Trains Ltd and Caledonian Sleeper Ltd which are overseen by Scottish Government's wholly owned and controlled arm's length company Scottish Rail Holdings Ltd.





Roads

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 environmental assessment, change adaptation and asset management.



M8 by Tommy McPhelim

Transport Strategy and Analysis

Responsible for setting the strategic direction of the agency, supported by evidence and analysis, including oversight of the delivery of the National Transport Strategy and the transport sector's contribution to the Government's statutory targets, priorities and missions. This includes climate change policy, supporting the organisations public transport fares, integration and modal shift, reducing car use in Scotland, air connectivity, and decarbonising aviation. We support the organisation with analytical services (such as statistics, transport appraisal, economics, modelling and evaluation) and support in transport infrastructure investment. We're also responsible for the sponsorship of Highlands and Islands Airports Limited (HIAL), subsidising the Glasgow to Campbeltown, Tiree and Barra air services and for the operation of the Air Discount Scheme (ADS).



Platform ticket barriers by Tommy McPhelim



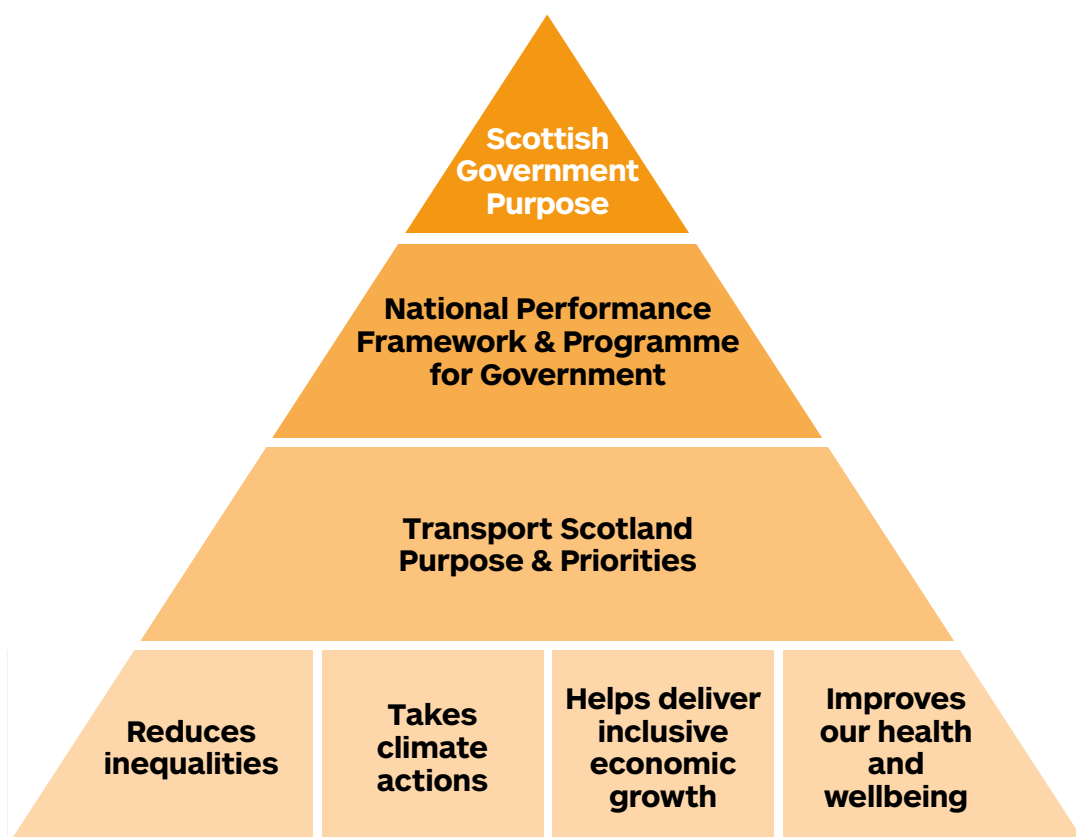
Our contribution to The National Performance Framework

Our organisational focus continues to be on how we will support, through our **National Transport Strategy (NTS2)**, the transport-focused national outcomes within the current **National Performance Framework (NPF)** and the annual **Programme for Government (PfG)**.

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

this the Scottish Government is focusing its efforts and resources on the four key priorities: eradicating child poverty, growing the economy, tackling the climate emergency, and ensuring high quality and sustainable public services.

Our National Transport Strategy contributes to nine of the National Outcomes within the NPF, as well as all 17 of the Key United Nations Sustainable Development Goals. This information is mapped in the Strategy's **Monitoring and Evaluation document**.





Performance Summary

This section is a summary of Transport Scotland's performance against our 2024-25 business plan, which is aligned with the National Transport Strategy. For further detail on performance, see page 32, the Performance Analysis section.



Our national transport strategy

In our NTS, we have set out an ambitious and compelling vision for our transport system for the next twenty 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.

In December 2023 we delivered our first **National Transport Strategy: Report to Parliament** which provides an overview of the continued commitment to the Strategy and, as detailed in the publication of **our annual Delivery Plans**, the actions being taken by the Scottish Government to deliver the vision and priorities for transport.



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





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





Key achievements

The NTS2 sets out our vision for Scotland's transport system to 2040. We have made considerable progress towards delivering on the four NTS priorities over the past year, as projects are completed, and milestones are celebrated. Many of our activities continue to centre on maintaining and operating the transport system, which is essential for getting people and goods where they need to be, supporting access to employment, education and leisure activities.

NTS Priority 1: Reduces inequalities

We continue to tackle inequalities, improve accessibility and seek to improve affordability. Levenmouth railway was reopened, with an investment of over £116 million. Passenger services commenced on 2 June 2024, connecting the communities of Levenmouth to the national rail network for the first time in over 50 years, via two new fully accessible stations at Leven and Cameron Bridge. Over one kilometre of active travel bridges and routes connecting communities to the new stations are part of the programme, and Scottish Ministers committed £5 million to maximise the socio-economic benefits of the new rail link, which has been match funded by Fife Council.

Levenmouth railway was reopened,
with an investment of over
£116 million





Following the completion of the initial ScotRail peak-fares removal pilot in September 2024, we introduced a twelve-month discount on all ScotRail season tickets and the terms of the Flexipass product have been permanently amended to create a discount for those who travel less frequently. Subsequently, in May 2025 the permanent removal of peak fares from 1 September 2025 was announced to encourage more people to travel by train, reduce car journeys, and help existing peak time rail passengers with the cost of living.

to help people across Scotland cut costs for essential, every day and leisure travel, making sustainable travel a more attractive option and supporting our net zero ambitions.

We continue to invest in ferry services, vessels and infrastructure to maintain and improve connectivity and accessibility to our inhabited islands and peninsulas. The Clyde and Hebrides and Northern Isles ferry service contracts and the capital investment in new vessels and ports is essential to island communities and businesses, providing connection to and from resources and services.

We invested over
£397 million
to provide free bus travel
for **2.3 million**
cardholders in Scotland



We invested over £397 million to provide free bus travel for 2.3 million cardholders in Scotland, including all children and young people under 22, eligible disabled people and everyone aged 60 and over. The year saw 192 million journeys made which were free at the point of use, an increase of 6% on the previous year. These schemes are continuing



Loch Seaforth arriving in Ullapool by Tommy McPhelim



NTS Priority 2: Takes climate action

Achieving Net Zero by 2045 remains a key focus and we will set out renewed actions and outcomes for Transport in the forthcoming draft Climate Change Plan, due Autumn 2025, supported by the just transition actions set out in the draft Transport Just Transition Plan which went out for public consultation in Spring 2025. In June 2025, we published jointly with COSLA a Renewed Policy Statement, reiterating our commitment to reducing our reliance on cars in a fair way. Since 1 June 2024, all four of Scotland's largest cities have been fully enforcing Low Emission Zones, protecting public health and supporting climate action.



We have awarded substantial funding to local authorities to enable greater private investment in the public electric vehicle (EV) charging network. We already have one of the most comprehensive public charging networks of any part of the UK, which is encouraging people to switch to EVs. As a direct result of public funding and increasing private sector investment, Scotland has met its target for 6,000 public EV chargers two years ahead of the planned schedule of 2026. In December 2024, we published our draft Vision Implementation Plan identifying a route map to delivering approximately 24,000 additional public charge points by 2030, largely funded and delivered by the private sector. We have also published [research](#) exploring where charging and hydrogen fuelling will be needed for Heavy Goods Vehicles (HGVs) in the future.



East Kilbride electrification and enhancement works for Hairmyres rail station continued with £74.4 million invested in 2024-25 and electric services planned to begin December 2025. In addition, £44 million was spent in 2024-25 on the rolling programme to upgrade and reconfigure rail power supplies to support existing and future electrification, building on the 2 feeder stations delivered in previous years. 75% of passenger journeys on rail are now running on electrified lines.

East Kilbride electrification and
enhancement works for Hairmyres
rail station continued with
£74.4 million
invested in 2024-25





Our Environment, Climate and Sustainability directorate supported a number of grant initiatives and loan schemes. This included the LEZ Support Fund, providing funding to support both low-income households and microbusinesses. 768 vehicles were scrapped, and 428 travel better measures have been funded. In addition, 94 taxis have been retrofitted to LEZ standards. During 2024-25 we funded loan applications across two EV loans schemes, the Used EV Domestic Loan and Switched-on Taxis Loan, supporting the purchase of 538 vehicles.



Via ScotZEB 2 we provided over £20 million in grant funding to Zenobe to deliver a transformational bus decarbonisation project. Consortium members have achieved 172 of a total of 252 vehicles delivered or on order, alongside the installation of 135 charge points so far, with more to come.

The third Scottish National Adaptation Plan (SNAP3) was published during Climate Week in September. The Plan sets out actions to build Scotland's resilience to the impacts of climate change, including in relation to our transport system.



We set out our commitments supporting the target in the Scottish Government's Climate Change Plan that 30% of the Government (CMAL) owned fleet should be low or zero emission vessels by 2032. These include delivery of seven electric vessels as part of the Small Vessel Replacement Programme Phase 1 from 2027, designing new major vessels with diesel-electric propulsion systems. In addition, we are seeing emissions reductions following the installation of shore power facilities at Port of Aberdeen through CMAL funded project in addition to those already in place in Orkney. We took delivery of and deployed the dual fuel MV Glen Sannox to support the Arran route. We also provided funding for Orkney Islands Councils two electric ferries.





NTS Priority 3: Improves our health and wellbeing

2024-25 saw the completion of major infrastructure projects that support more people to walk, wheel and cycle for everyday journeys including the 2.5 mile Broughty Ferry to Monifieth scheme and the South City Way in Glasgow, (both funded via Places for Everyone) that were completed in May and July, respectively. We also introduced new delivery models for active travel, with a new regional behaviour change programme (The People and Place programme) supported by £19 million of funding and the tiered Active Travel Infrastructure Fund receiving £45 million of funding (Tier 1: £35 million; Tier 2: £10 million). These models align with Public Service Reform, providing Local Authorities and Regional Transport Authorities the direct funding, autonomy and flexibility to put in place the interventions that help address the priority challenges they have identified. In March, the Cabinet Secretary visited one of the first completed projects to be delivered from the Infrastructure Fund, the A807 Active Travel corridor in Milngavie, which had received over £0.5 million in Infrastructure Fund funding.



Cycle Lane by Tommy McPhelim



Safety on Scotland's roads remains a top priority, and during 2024-25 we invested almost £30 million in road safety and trunk road casualty reduction measures. This included behaviour change campaigns and educational materials, re-opening the Road Safety Framework Fund and the Road Safety Improvement Fund which provided grant funding to local authorities for key active travel infrastructure projects, in addition to providing funding via our operating companies for safety critical casualty reduction works across the network. Through the Safety Camera Programme, we helped deliver two pilots of temporary average speed cameras on seasonal routes – A82 Luss and A836 NC500 during summer/autumn 2024. We have also made progress of rolling out the implementation of 20mph speed limits on trunk road locations where it is appropriate.

We are already seeing encouraging improvements in the number of people walking and cycling where there is safe infrastructure, and we have seen significant transformational infrastructure delivered this year, for example: in Glasgow's South City Way, linking the South Side and the City Centre; in North Ayrshire, where we have extended the National Cycle Network at Fairlie; and in Clackmannanshire, with over £1.8 million funding supporting a new walking, wheeling and cycling route between Alva and Menstrie.



In-year investment of £2.3 million saw completion of West Highland line platform extensions enabling introduction of 7-carriage Highlander Explorer trains complete with Active Travel carriages with space for sporting gear between Glasgow, Fort William and Mallaig from 11 March 2025. Step free access was also delivered at Carstairs Station with construction of a new footbridge and lift as part of an investment of £2.1 million in 2024-25.



NTS Priority 4: Helps deliver inclusive economic growth

Delivering a wellbeing economy requires a resilient and reliable transport system that gets people and goods where they need to be and allows businesses to be competitive. Scotland's Trunk Roads are the predominant transport network in Scotland, facilitating the movement of people and goods that link all forms of vital socio-economic activity. Often, they are a lifeline service. The Scottish trunk road network comprises a wide range of asset types including around 3,700km carriageways, 4,374 bridges & structures, 373,000 ancillary assets (e.g. lighting, road markings, safety barriers, drainage networks) and Traffic Scotland's 18,200 assets (e.g. CCTV cameras, vehicle detectors and overhead motorway signs), which together provide a service to road users as well as being the largest asset which Scottish Ministers own (£33 billion net asset value). The trunk road network carries 40% of all traffic and 70% of heavy goods vehicle traffic.

The network is hugely diverse, ranging from the ten-lane M8 in the centre of Glasgow to single carriageway sections in the west Highlands. With a Roads budget of £688.9 million in 2024-25 we continued to safely operate and maintain Scotland's trunk road and bridge network, using established and robust asset management and environmental principles, allowing it to contribute to Scotland's sustainable economic growth. This year, this included our response to Storm Éowyn which triggered a rare red weather warning for wind, disrupting the road, rail and ferry networks as well as delivering over £6 million worth of adaptation work at vulnerable locations. On the Forth Road Bridge, the recently installed automated barrier systems became operational allowing for speedier transfer of traffic from the Queensferry Crossing during an Ice Accretion incident.





Progress on the dualling of the A9 continued in 2024-25 with the construction contract for the Tomatin to Moy project awarded in July 2024. Major construction works commenced in Spring 2025, kick-starting our rolling programme of construction to dual the A9 between Perth and Inverness. Procurement of the Tay Crossing to Ballinluig section commenced in May 2024, and a shortlist of three contractors was announced in August 2024. In July 2025, the contract award for Tay Crossing to Ballinluig was announced and a contract notice was published for the fifth section between Pitlochry and Killiecrankie.



We also completed Phase 1 of the medium-term solution improvements at the A83 Rest and Be Thankful, awarded a contract for the long-term solution ground investigation site works and published draft Orders in December 2024 for both the medium and long-term solutions. These works will support local businesses, tourism and communities, by improving access to the Highlands.



The first of the six new major vessels – MV Glen Sannox – was delivered into service in January 2025 and construction continues on MV Glen Rosa. The four vessels under construction at the Cemre vessels yard are now approaching completion, and delivery of the first vessel is expected before the end of 2025, with the three others to follow in 2026. CMAL signed shipbuilding contracts with Remontowa (Gdansk, Poland). Contracts were signed in March 2025 for seven electric vessels in Phase 1 of the Small Vessel Replacement Programme, with the first delivery expected around summer 2027. We also continued to plan, progress and complete port improvements on routes including the Islay (Kennaraig, Port Askaig (Islay), Port Ellen (Islay), Colonsay) and Little Minch ports (Uig (Skye), Tarbert (Harris), Lochmaddy (North Uist)) in preparation for new vessels.



The first of the six new major vessels –
MV Glen Sannox –
was delivered into service in January
2025 and construction continues on
MV Glen Rosa



We published our **Aviation Statement** in July 2024, which sets out, for the first time, the strategic importance of aviation to Scotland and the specific actions we will take to help ensure we can continue to enjoy its many benefits, while significantly reducing emissions.

We helped to ensure the events across the country ran smoothly for participants and visitors while keeping our transport network moving. These events included Taylor Swift's concerts held over 3 nights in June 2024 at Murrayfield, Edinburgh.



We launched our new Traveline Scotland app and website, providing more information on tickets, fares, real time location and stop facilities to improve end to end journey planning as our in integrating public transport.

In the ICP Strategic Approach paper, we confirmed Reliability and Resilience as number one priority for future ferry services. These services provide connectivity for accessing basic necessities on islands including, food supplies and fuel and also provide links to education, social and healthcare services. To support this statement we set out, in the ICP Vessels and Ports Plan, an investment programme needed to maintain and safely operate CHFS and NIFS services. We also set out the programme to carry out refreshed transport needs assessments for island and peninsula communities served by CHFS and NIFS ferries. We completed and published the first of these assessments for Cowal/Rosneath route.

The Scottish Government has long held the belief that the best way to deliver rail services in Scotland which deliver inclusive economic growth, is for those services to be publicly owned and operated. Public ownership of ScotRail has enabled procurement of a fleet of trains to replace the ageing InterCity trains, known as HSTs; procurement of the replacement fleet commenced mid-December 2024, with the aspiration to have the full fleet of trains in service on all the InterCity routes serving Scotland's cities, by the end of 2027. Publicly owned railway services will help us to achieve our vision of a reliable, resilient, affordable and accessible railway. This was the reason Scottish Ministers took the decision to move ScotRail and the Caledonian Sleeper into public sector control through operator-of-last-resort arrangements. However, under the existing UK legislation at the time, this could only be on a temporary basis. Recognising the clear benefits that rail services remain in public control on a permanent basis,



Scottish Ministers worked closely with the UK Government on its Passenger Railway Services (Public Ownership) Bill to ensure Scottish Ministers secured public ownership as the default position rather than the last resort.

The Scottish Parliament passed the required Legislative Consent Motion, paving the way for the Passenger Railway Services (Public Ownership) Act gaining Royal Assent on 28 November 2024. This provides stability for the industry setting out the long-term position for publicly owned railway services in Scotland. Transport Scotland continue to work with Department of Transport colleagues on the development of the proposed Railways Bill. Transport Scotland will work, in the interest of Scottish Ministers, to ensure their priorities for rail are retained and that Scotland receives the benefits of a more integrated railway whilst protecting the devolved responsibilities of the Scottish Ministers. This work is ongoing.

Corporate Priority: To put our people at the heart of our delivery

To put our people at the heart of our delivery, we have:

- Continued to review the size and shape of Transport Scotland to best address both current and future challenges. This work will continue through 2025-26 and will consider how we work together to deliver our business objectives.
- Progressed with the relocation of our headquarters to 177 Bothwell Street, with completion and entry in May 2025. The project ensured inclusivity and wellbeing at the heart of its design, with colleagues' views taken at a very early stage and continued collaboration throughout across our workplace champions group to ensure important factors such as reducing our space requirement, ensuring choice within the workplace, reducing our carbon emissions and providing a better colleague experience were considered and checked where relevant as the project progressed.
- Continued to deliver our Transformation programme through a series of workstreams which have been shaped and informed by staff feedback, centred around: Culture; Structure; and process and service design.
- Developed a Wellbeing Strategy & Action Plan that will ensure targeted action continues in support of our drive to improve the health and wellbeing of colleagues.



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 the Transport Scotland's priorities, responsibilities, and outcomes. The Transport Scotland 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, DG Net Zero as Portfolio Accountable Officer, and Scottish Government Executive Team, as appropriate

Key Risks

Transport Scotland categorises risk in line with the **Orange Book: Management of risk – Principles and Concepts**. The corporate risks below are grouped by category and reflect those considered for escalation to the Portfolio Accountable Officer.

Commercial

During the reporting year risks relating to the upcoming change in operation of the Clyde and Hebrides Ferry Services Contract to a direct award in reliance on the exemption in regulation 13(1) of the Public Contracts (Scotland) Regulations 2015 (PCSR), (often referred to as the “Teckal” exemption) were escalated to the Scottish Government Corporate and Director General Net Zero risk registers due to the complex and exceptional circumstances. These risks have been successfully addressed or mitigated to an acceptable level and the successful and sustainable contract management of the service remains an area of ongoing risk management.

Financial

The Scottish Government has faced the most challenging financial situation since devolution, as a result of unprecedented economic pressures, following the pandemic and the cost-of-living crisis. Transport is particularly impacted by these challenges, given its exposure to energy price and construction sector inflation, as well as pay and ongoing patronage recovery following COVID-19, on the public transport network. Resultingly there is a risk of allocated budgets being inadequate to meet ongoing operational requirements, legal commitments and ministerial priorities and objectives.



We have mitigated this risk through regular review and updates to financial forecasts, continued dialogue with Ministers and Scottish Government colleagues and delivering value for money projects. It is within this difficult landscape that we have had to take tough decisions to prioritise work that will most effectively deliver on our commitments. Despite these ongoing challenges, we remain focused on delivering the NTS priorities, operating and maintaining a transport system that everyone needs, and progressing the First Minister's stated missions of eradicating child poverty, growing the economy, tackling the climate emergency and of improving public services.

As a result of the challenging fiscal position Scottish Ministers have been clear on the need to reform how public services are delivered, commissioning an in-depth review to identify further opportunities for greater efficiency. While significant reforms have already been achieved, including bringing Scotrail into public ownership, more remains to be done. The Scottish Government's **Public Service Reform Strategy** and **Medium-Term Financial Strategy** set all public bodies the challenge of delivering costs savings and managing headcount by 2030. We will engage with our stakeholders and work with Ministers and our sponsor bodies to identify the optimum means of supporting Minister's ambitions in this area whilst maintaining a focus on delivering the high-quality public services that support Scotland's people and economy.

Operational

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 Asset Management 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 **Strategic Transport Projects Review 2 (STPR2)** and developing maintenance programmes to meet statutory and Ministerial commitments.

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.

The Risk relating to industrial relations on the rail network impacting service delivery and revenue were escalated to Director-General (DG) level. Failure to agree a pay deal resulted in a temporary timetable being implemented, the impact of which reduced service delivery and revenue. Following agreement of pay deals in 2024-25 and 2025-26, the risk has now been removed from the DG Risk Register although it is being monitored closely.



Storm Eowyn brought exceptionally strong winds across Scotland on 24 and 25 January 2025 causing considerable impact across Scotland's transport networks. Prior to the commencement of the Red weather warning period at 10am on 24 January 2025, traffic volumes on key trunk roads and motorways routes were 50-60% lower than normal levels, which reduced to 80-90% lower during the Red weather warning period. Despite the majority of the public taking cognisance of the warnings and broadcast media interviews that were undertaken, there was still significant impacts across the road network including fallen trees, power cables, overturned HGVs as well as road traffic collisions. The Queensferry Crossing remained open to cars during the peak winds of Storm Eowyn. This structure benefitted from the wind protection measures included as part of the design for the crossing. In the days following Storm Eowyn, the Trunk Road and Motorway Network was also subject to secondary impacts around weakened trees that came down and debris that was still getting into drainage systems, which created some further localised disruption.

The entire rail network across Scotland was closed for the duration of Storm Eowyn. Significant damage was noted across several main rail lines with trees blown on to tracks and damaged rail infrastructure. ScotRail reinstated all services 3 days later once all storm damage had been addressed.

Climate change

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. We have commissioned research to build the evidence base to inform and identify policy options to ensure a just transition to net zero. We monitor policy delivery and take forward engagement with internal and external stakeholders including public sector organisations, businesses, industry, and the public. Transport Scotland continues to be represented on the Scottish Government Global Climate Emergency Board and manages its own response through the Transport Climate Change Board. Transport Scotland Directors are Senior Responsible Officers for oversight of their delivery objectives and risk mitigation, reporting and escalating to the Climate Change Board as required.

Reputational

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 passenger revenue and impact on service provision that would disproportionately impact on vulnerable communities and groups. We are taking forward the actions and next steps published in the **Fair Fares Review** to advance our vision for the future of public transport – reliable, accessible, available, and affordable public transport services and a public transport system that is viable and sustainable in the long term.



Security

The threat of cyber-attacks requires proactive management of risk 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, resources, and an incident response plan in place, which are supported by staff awareness and training to identify and avoid risk exposure.



People

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.

To support effective management of our people resource we have revised our resource plan to better reflect the current operation of the organisation. In addition, we are currently working through a programme of transformation. The Transforming Transport Together Programme is the term we are

using to describe the overall work to improve Transport Scotland. It is made up of the following six workstreams which have been informed by staff feedback:

- Organisation purpose
- Prioritisation exercise
- Wellbeing
- Organisational design
- Leadership and managing change
- Learning and development

The programme is guiding us through a process to shape Transport Scotland to continue to deliver for Ministers and the people of Scotland, and looks at how we currently work and how we want to work to become an organisation where:

- we are resilient – we have the tools we need to do our job, workload expectations are clear, balanced with capacity and we have collective and transparent controls in place
- we are delivery and outcomes focussed
- we understand our purpose and can effectively prioritise our work
- we can efficiently use our available working time
- we are empowered to work broadly and flexibly across teams
- we work in a way that aligns with our values, and we have capacity to do that.



Oracle Cloud platform

Scottish Government

The implementation of the Oracle Cloud platform is one of the largest transformation projects the Scottish Government has undertaken in years. It has brought our HR, Finance and Procurement data into one integrated solution, delivering a single data source, improved processes, improved controls and greater transparency of data.

The platform was implemented in the Scottish Government and 32 public sector organisations including Transport Scotland in October 2024. A phased approach on 1 October saw around 3,000 users begin accessing the first 3 finance modules, with the HR component rolled out to the full customer base (around 20,000 users) across Scottish Government core and 32 public sector bodies on 7 and 8 October. A further rollout on 14 October saw the implementation of additional finance modules. The platform has been built around a suite of best practice processes, adopted from the UK Government Global Design principles (now superseded by NOVA Functional Reference Model) and was implemented in response to the recognition that the previous Finance and People platforms, SEAS and e-HR respectively, were approaching the end of their useful lives and had not kept pace with the scale or functions of the organisation.

To ensure that the platform continues to meet the ever-evolving needs of modern government the Scottish Government has put in place a dedicated management team which will manage and maintain the platform with a process of quarterly updates.

Transport Scotland

As part of the phased roll out, Transport Scotland formally transitioned to the Oracle Cloud Platform in October 2024 along with the wider SG. While this move offers long term benefits it is not without the inherent risk of system implementations. The implementation of a new financial ledger part way through 24/25 presented significant challenges with the reconciliation process and the preparation of the unaudited financial statements. This required extensive manual review and cross checking, resulting in a substantial increase in workloads to ensure the accuracy and integrity of the accounts. Transport Scotland has implemented additional internal controls and reviews to provide assurance of data integrity to deliver accurate financial reporting. To minimise the operational impact, additional training was delivered by Transport Scotland users to upskill teams and resource was required to provide change management support for Transport Scotland staff.

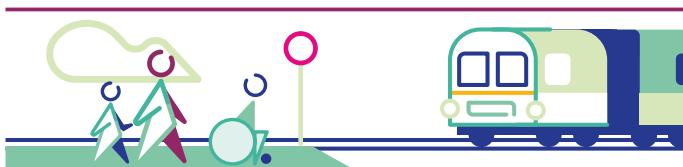


Performance Analysis





The purpose of this section is to provide a detailed analysis of the performance of the organisation in 2024-25.



Performance

We assess our performance against the delivery objectives in our business plan. Each objective is grouped under the priorities in the **National Transport Strategy** and our corporate commitment to put people at the heart of our delivery 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.

Reduce inequality

Commitment	Action
Publish an Annual Delivery Plan under Scotland's Accessible Travel Framework	Accessible Travel Framework Delivery Plan (2024 – 2026) was published in October 2024, setting out the priorities and activities that will be the focus for the next two years, up to 2026 when the Accessible Travel Framework is due to come to a close.
Delivery of Network Support Grant (NSG) in 2024-25 to provide subsidy to bus operators to help keep services more extensive and fares lower.	Scheme successfully delivered a total of £44.6 million NSG payments to bus operators in 2024-25. Under NSG, Operators receive payment in return for the delivery of bus services as described in the terms and conditions of their grant agreement. Payment calculations for NSG are based upon the number of live service kilometres operated during the claim period.
Consult on the smart ticketing and bus open data powers in the Transport Scotland Act 2019 and start to commence these	The National Smart Ticketing Advisory Board – NSTAB Work Programme 2024-28 was published in August 2024 setting out how we intend to perform our statutory functions, and such other matters relating to NSTAB's role as we consider appropriate.



Commitment	Action
We will complete the procurement and implement the next generation digital travel data services to ensure continued and improved journey planning information	Launched new Traveline Scotland website and app September 2024. The Traveline Scotland app (in association with Traffic Scotland) includes: i) a journey planner showing public transport options between any two locations in Scotland, featuring all bus, coach, rail, Glasgow Subway and ferry routes ii) departure boards for buses and departure times for Scottish ferry terminals and Glasgow Subway stations iii) news & Notices affecting public transport services iv) contact details for all Scottish public transport operators.
We will support delivery of concessionary travel and bus sector support by providing a managed payment service.	We have continued to deliver timely and accurate payments to operators for schemes and grants that are payable to them.
Work with local authorities to ensure as many children as possible can access their free bus entitlement – cutting travel costs and making sustainable travel a more attractive option.	We have continued to engage with Local Transport Authorities to make clear the benefits of the scheme to parents and guardians of young people and, where appropriate, to enable further uptake of the scheme. We are also continuing to encourage further uptake of the scheme through regular communications on freebus.scot, social media and with partner organisations, including providing advice and resources to over 2,400 primary and secondary schools across Scotland.
Identify options to deliver improved accessibility at Dunkeld & Birnam Station. Raising platforms to compliant height, install lighting in car park, provide step free route to both platforms and work with local community on future of station building.	Following successful completion of these works, the platforms were opened for passenger use on 19 May 2025.



Take climate action

Commitment	Action
Deliver a higher proportion of zero emission vehicles on our roads, including growing the zero-emission bus and HGV fleets and support skills development to create transition support opportunities.	Working with the Energy Saving Trust, an independent organisation which works to address the climate emergency, we continued to support the provision of advice and support to both businesses and consumers to transition to zero emission vehicles. This included offering over 700 interest free loans or grants for zero emission vehicles and offering £250,000 of grant funding to support the installation of electric vehicle charge points in homes and workplaces. Via ScotZEB 2 we provided over £20 million in grant funding to Zenobe to deliver a transformational bus decarbonisation project with consortium members, achieving 172 vehicles of 252 delivered or on order, alongside the installation of 135 charge points so far, with more to come.
Doubled the electric charge point network to at least 6,000. Continue supporting the growth of zero-emission vehicles on our roads and increasing charger numbers to 6,000 by 2026.	Supporting investing and collaboration by a range of stakeholders, we ensured that this target was achieved in October 2024, two years ahead of schedule.
Set a route map for enabling the delivery of approximately 24,000 additional public electric vehicle charge points by 2030 to support the ongoing move to electric vehicles.	In December 2024 Transport Scotland published a draft Vision Implementation Plan for delivering Scotland's Vision for public electric vehicle charging and a route map for delivering approximately 24,000 additional public charge points by 2030 for public consultation.



Helps deliver inclusive economic growth

Commitment	Action
We will continue to support the delivery of Clyde and Hebrides and Northern Isles Ferry Service contracts connecting island and peninsula communities in Scotland with the mainland	We made arrangements to extend the existing CHFS contract for 12 months and progress arrangements for the direct award of the CHFS3 contract from 1 October 2025.
We will manage the Clyde and Hebrides and Northern Isles Ferry Service Contract, supporting safe, efficient, cost-effective and sustainable ferry services.	Contract management has continued in preparation for award of new contract and implemented a number of enhancements as part of the extension to the CHFS2 contract. The Cabinet Secretary for Transport announced on 8 May 2025 that Scottish Ministers have decided that a direct award should be made to CalMac Ferries Limited.
We will deliver an investment programme for associated port and harbour infrastructure as set out in the ICP Vessels and Ports Plan.	We have delivered improved port facilities on Islay and the Little Minch routes.
We will deliver an investment programme for vessel replacement as set out in the ICP Vessels and Ports Plan	Delivery and handover of MV Glen Sannox in November 2024. 4 Islay class vessels being built in Turkey are progressing. Small Vessel Replacement Programme Phase 1 commenced.
Future of Public Transport – We expect ScotRail and CalMac to develop a partnership agreement that will deliver several benefits for passengers including joint timetable development and explore a future digital solution for ‘Rail & Sail’ tickets and improved collaborative working especially during disruption.	We published finalised Strategic Approach and Vessels and Ports Plan (part of Islands Connectivity Plan). The Strategic Approach paper sets our approach to island transport connectivity including ferries, aviation, fixed links and, especially, addressing the strategic challenges facing the Clyde & Hebrides Ferry Services and Northern Isles Ferry Services. The Vessels and Ports Plan provides a long-term plan, to 2045, for the vessel and port investment considered necessary to address the key challenges of reliability and resilience.



Commitment	Action
Dual the A9 between Perth and Inverness by 2035	Made Orders have been published for all projects which have ministerial decisions to make the Orders, meaning that the statutory process has been completed for over 92% of the Dualling Programme.. Procurement of the construction contract for the Tay Crossing to Ballinluig project commenced in May 2024, with three contractors shortlisted in August 2024, and contract award announced July 2025. Progress made on procurement process with work completed in year to deliver a contract notice, published in July 2025 for Pitlochry to Killiecrankie. Continued the detailed development and assessment of the preferred route option for the Pass of Birnam to Tay Crossing project.
We will continue to take forward a transport enhancement programme on the A96 corridor; and conclude the A96 Corridor Review.	A96 Corridor Review – draft outcomes from the A96 Corridor Review were published for consultation on 28 November 2024. A96 Dualling Inverness to Nairn (including Nairn Bypass) scheme – Made Orders were published on 12 March 2024, completing the statutory process for the scheme. Work has also commenced to determine the most suitable procurement option for delivering the scheme.
We will continue to deliver the Medium-Term Solution and preparatory work for the Long-Term Solution on the A83 at the Rest and Be Thankful.	Works on the first phase, realigning the southern end of the route, commenced in December 2023 and became operational in Spring 2024.



Commitment	Action
Continue construction of the medium-term works for the A83 Rest and Be Thankful and publish the draft Orders for the long-term solution.	Draft Orders for future phases of the medium-term solution were published on 13 December 2024 for formal comment. Continued to develop the programme and procurement strategy to take forward future phases of the medium-term proposals. Continued the detailed development and assessment of the preferred route option for the long-term solution with draft Orders published on 13 December 2024 for formal comment.
A82 Tarbet to Inverarnan scheme	Detailed development and assessment of the preferred option for the scheme continued.
We will continue to design and deliver a programme of trunk road improvement and other transport infrastructure projects supporting local and regional economies sustainably including City Region Deal projects and Woodside Viaduct	A9/A82 Longman Junction, A9/A96 Inshes to Smithton, A720 Sheriffhall Roundabout, A90/A937 Laurencekirk Junction, M8 Woodside and, A75 Springholm and Crocketford Improvements have all been progressed during the period.
We will update our Road Asset Management Plan which sets out how Scotland's trunk road network is maintained strategically and efficiently in order to protect our assets and ensure maximum value for money from our road maintenance activities	Work package 1 – Update the Trunk Road Asset Management Policy and Strategy - – Completed. Work package 2 – Update the Trunk Road Asset Management Plan - – Completed. Work package 3 – Internal review of documents, final drafting, approval to publish – Progress well advanced.
We will continue to safely operate and maintain Scotland's trunk road and bridge network using established and robust asset management and environmental principles, allowing it to contribute to Scotland's sustainable economic growth	2024 road condition surveys completed. Budget management of Work Packages under Asset Management Improvement Plan (AMIP) all reconciled in advance of year end. Programme of planned works has been delivered, ensuring the ongoing operation and availability of the Trunk Road.



Improve our health and wellbeing

Commitment	Action
We will undertake a National Speed Management Review	A public and stakeholder consultation launched on 27 November 2024 and closed on 5 March 2025. It invites feedback on proposals to lower the national speed limit on single carriageway roads from 60 mph to 50 mph and to increase speed limits for goods vehicles over 7.5 tonnes on single carriageways to from 40 mph to 50 mph and dual carriageways from 50 mph to 60mph. Analysis from the review indicates that these changes could significantly reduce injury collisions, whilst maintaining journey times and enhancing journey time reliability. Alongside this, a series of local events are being held across Scotland to inform public and stakeholder of the review proposals.
We will implement a National Speed Indicator and increase the use of visual deterrents and enforcement across the road network with the aim of improving speed limit compliance and further enhancing safety across the road network.	Transport Scotland has worked with local authorities through Scotland to implement speed indicator devices on different road types. 80+ devices have been installed and are now collecting data. The data gathered from these will be reported on in our Road Safety Operational Partnership Group meetings to gain insights into true traffic speeds and better understand and inform road safety initiatives.
We will continue to deliver road safety initiatives that will reduce road casualties in line with the Government's casualty reduction targets which are contained within the Road Safety Framework to 2030. We will provide safe system training to all road safety practitioners and publish a Safe System Road Safety Manual.	The Road Safety Improvement Fund was launched with a total allocation of £10 million being distributed to all 32 local authorities. Transport Scotland worked with local authorities to ensure they utilised their allocation to deliver schemes which align with the Safe System approach. The fund supports local authorities in reducing road-related risks and casualties across Scotland.



Commitment	Action
Online reporting system for dangerous driving	Transport Scotland has continued to work with Police Scotland as Digital Evidence Sharing Capability (DESC) is currently being rolled out across the country on a phased approach, ahead of full-scale national roll out by the end of 2025.
Ensure all appropriate roads in built-up areas have a safer speed limit of 20 mph by 2025, forming a task group to plan the most effective route for implementation	In 2024-25 the Scottish Government has provided £4 million funding to local authorities to support targeted initiatives designed to protect pedestrians and cyclists through the roll out of 20mph speed limits. In October 2024 Transport Scotland published the Implementation guide for 20mph in Scotland. This guidance supports local authorities in applying a consistent approach in the introduction of 20 mph speed limits on their road network. We are working closely with all road authorities, to ensure necessary resources and support are in place for a successful rollout of 20 mph speed limits on appropriate roads by the end of 2025.



Commitment	Action
We will continue to manage, maintain and develop the Traffic Scotland Service and the provision of accurate and relevant traffic and travel information to customers through roadside display equipment, variable message signs, and web services, contributing to the safe, efficient and resilient operation of the trunk road and motorway network.	During 2024-25 Transport Scotland has overseen the delivery and development of our 24/7/365 national control room service. A comprehensive programme of investment has been delivered to address technology obsolescence and support the ongoing delivery of the Traffic Scotland service to safely operate the trunk and motorway road network. As part of this we have commenced the delivery of a multiyear investment programme to replace over 500 variable message signs on the Glasgow Motorway network. We have successfully mobilised a project to deliver a replacement Traffic Scotland System. This has included the delivery of early phases of work to assess the future service architecture. This project, which is a nationally significant digital project, will continue to be progressed over the next number of years to enable the successful implementation of new system solutions to deliver increased value and outcomes from our ITS services.



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, Facilities and Workplace teams were responsible for managing our hybrid working and the relocation of our headquarters to 177 Bothwell Street. The project ensured inclusivity and wellbeing at the heart of its design, with colleague views taken at a very early stage and continued collaboration throughout across our workplace champions group to ensure important factors such as reducing our space requirement, ensuring choice within the workplace, reducing our carbon emissions and providing a better colleague experience were considered and checked where relevant as the project progressed.

We considered a number of important areas in delivering an office space that meets current needs while remaining adaptable for the future. Flexibility of space was key, with workplaces that enable colleagues to choose the most appropriate environment for their task. Equipping some spaces with technology and designating others as tech-free zones provides additional choice for maximizing productivity. In addition to boosting productivity, offering a range of choices accommodates neurodiverse staff who may need to minimise distraction and sensory stimulation, or who use an enabling technology.

The project and office space also offers flexible control over other important elements such as thermal comfort and lighting control to support an inclusive work environment. We have made

use of recycled products where possible utilising recycled white goods for kitchen worktops, used biophilia where possible, to separate spaces and help with indoor air quality.

As a leader in sustainability, 177 Bothwell Street includes climate friendly technology and facilities throughout the property. It's fully electric, using 2.52 GWH (Gigawatt-hours) of certified energy from Blantyre Muir Wind Farm and has excellent active travel facilities resulting in an energy performance certificate score of 50%.

Additionally, in line with the ongoing public service reform agenda, plans have been developed during the reporting period for Transport Scotland to sub-let the second of its leased floors in its 177 Bothwell Street premises to two other public sector bodies, providing opportunity for efficiencies, collaboration and continued sharing of services and resources.

Developing our people

Transport Scotland's ambition is to be a supportive and inclusive employer, with learning at its heart. As part of our transformation work, we have introduced a Director level Learning Champion, led by Director of Major Projects, Lawrence Shackman, and have developed a Learning approach that aligns with the SG's Learning Strategy. We continue to nurture a learning culture 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. Investing in the learning and development of our colleagues is crucial to our current and long-term performance. The aim of this workstream is to create a culture where learning is



prioritised, celebrated and embedded as continuous practice in all we do. Through 2024-25 we have delivered:

- 1) Improved Day 1 and Corporate Induction programmes to ensure all our staff are supported at the outset of their career with Transport Scotland and have both the skills to do their job and access to tools and resources to address their learning needs.
- 2) Leading through Change events for C-band colleagues to develop their leadership skills, ensure all leaders are aware of the expectations and requirements of them and agreed a set of leadership behaviours that all colleagues should adhere to when leading and managing their teams.
- 3) A new bullying and harassment event to give our colleagues the confidence to identify negative behaviour, its impact and how to address it.

Additionally, we saw three engineering graduates progress successfully through our comprehensive graduate training programme to become Chartered Civil Engineers.

Corporate systems

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 continued exploitation of 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, we have invested in desktop and audio-visual hardware technology for our new office at 177 Bothwell St, Glasgow, which will complement the Scottish Government ICT service offerings.

Information management and data protection

We comply with the overarching Scottish Government information governance strategy and the Records Management Plan. We maintain a list of all information assets 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 are also in place to support the IAOs.

Throughout 2024-25 we have continued to focus on ensuring compliance with key legislation and continuous improvement. This resulted in the delivery of the annual data protection and information governance check and report which included on-going actions to sustain existing good practice. This was supplemented by the regular 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 Branch within the Environment, Climate and Sustainability directorate 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 under the Public Bodies Climate Change Duties (PBCCD).

In March 2023, 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. Implementation of this plan began during 2023-24 with several projects taking place during 2024-25, which support our efforts to meet net zero corporate emissions.

Progress towards achieving Net Zero Emissions by 2045

We are living in a global climate emergency where the impacts of climate change, caused by human influence, are already being felt in Scotland and across the globe. Climate Change is a primary focus of the Scottish Government, with one of the First Minister's four priorities being 'tackling the climate emergency.'

Scotland's climate change legislation sets a target date for net zero emissions by 2045. In response to the targets, Transport Scotland published a Carbon Management Plan (CMP) which outlines a pathway for the agency to meet net zero for our corporate functions. We aim to be zero for scope 1 direct emissions by the end of 2025, net zero for scope 2 indirect emissions by the end of 2025 and identified scope 3 emissions will be net zero primed, with the support of insetting tree planting schemes

by 2045. Within the CMP, we have included the scope of influence (scope i), whereby we aim to work with industry partners and stakeholders to reduce their own emissions and aid in meeting the 2045 target.

In 2024-25, we carried out carbon reduction projects at the Traffic Scotland National Control Centre (TSNCC). LED lighting was installed throughout the building; fossil fuel was replaced in the generator with Hydrotreated Vegetable Oil (HVO) fuel and a detailed technical survey was carried out to identify further areas of focus in 2025-26 which will move us closer towards our net zero targets.

A key sub-outcome of the CMP was the development of a Net Zero Route Map for the Operation, Maintenance and Improvement of the Trunk Road Network which will provide an emissions baseline, key interventions and a pathway to net zero by 2045.

The impacts of climate change are placing increasing pressure on domestic and global transportation. Urgent adaptation action is required to protect Scotland from the repercussions of climate change. The Approach to Climate Change Adaptation and Resilience (ACCAR) outlines our current approach and strategic vision for our transport system. During 2024-25, the ACCAR membership and governance underwent a refresh to enhance and broaden the membership and to further embed adaptation across the agency.

To develop the work of our Vulnerable Locations Operations Group (VLOG), which has delivered defined schemes to effect adaptation and build resilience to the impacts of climate change, a Trunk Road Adaptation Plan (TRAP) will be published in 2025. The TRAP it will



assess climate hazards and vulnerabilities, using the most up to date climate change projections, building on previous studies undertaken and present 45 recommendations to be actioned over the next 5 years.

Corporate Carbon Emissions

During 2024-25 we have seen a slight reduction of 3.43% in our overall corporate emissions. This is predominantly due to electricity reductions within our Traffic Scotland National Control Centre (TSNCC) where ongoing net zero improvements have taken place. There were further emission reductions within business travel with savings of 50%. This is primarily due to decreases in car hires and flight use.

A hybrid approach to working has continued to operate and home working emissions decreased by 14% during 2024-25. During

this period, we saw an increase of 2.45% in our gas usage across both offices, however, emissions from electricity use decreased by 2.31% due to net zero projects at the TSNCC. There were emission reductions for waste and water use, though this was due to a change in the greenhouse gas conversion factors for company reporting from the Department for Energy Security and Net Zero, and not from reductions in water use or waste disposal.

Following our headquarters move to 177 Bothwell Street in 2025-26, Transport Scotland's energy emissions will reduce due to the sustainable credentials of the building, including an A rated energy performance, no gas and sourcing electricity from renewable energy. During 2025-26, we will continue a programme of projects to reduce our emissions with the aim of meeting our net zero targets.

Corporate Carbon Emissions 2024-25

Element	Metric	Baseline 2015-16	Actual in 2023-24	Actual in 2024-25	% change compared to previous year
Total Emissions	tCO2e	22,222	5,770	5,572	-3.43%
Gas	tCO2e	265	28.15	28.84	+2.45%
Electricity	tCO2e	20,137	5,494	5,367	-2.31%
Water	tCO2e	3.13	0.57	0.50	-11.20%
Waste	tCO2e	2.02	0.50	0.15	-69.88%
Business Travel	tCO2e	188	114.06	57.11	-49.93%
Commuter Travel	tCO2e	156	27.27	27.39	+0.44%
Home Working	tCO2e	-	105.42	90.98	-13.69%

Social Inclusion and Community Benefits



Levenmouth Rail Project

This is a programme of investments to deliver social inclusion and sustainable economic growth, within which the rail project is the largest element. Through Scottish Government investment of over £116 million we re-opened the railway to Levenmouth, over 50 years after the last passenger service ran.

The railway forms part of a multi-modal transport system (Rail, Bus, and Active Travel) that will improve connectivity in the Levenmouth area by creating new journey opportunities and economic benefits. The delivery scope consists of 19 single track kilometres of new/reinstated railway, two new modern accessible stations at Leven and Cameron Bridge, and circa 1 km of active travel routes.

The project strived to put forward proposals that would be impactful to the local community, with delivery through local investment, employment, training and community support.

The Rail Skills Academy, delivered by Network Rail's supplier QTS and supported by Fife Council equipped nine young people with the competencies, skills, qualifications and work experience required to thrive in the railway maintenance sector. As a result of this project many of the graduates started permanent employment in the railway industry.

Construction was successfully completed with Transport Scotland and Network Rail working closely with their partners to deliver this transformational project with commencement of passenger services on 2 June 2024.



Photography by Chris Watt



Photography by Chris Watt



Academy9



The Academy9 programme continues to deliver high-quality educational experiences for primary and secondary pupils. With a strong focus on STEM (Science, Technology, Engineering and Maths), the programme sparks curiosity and broadens pupils understanding of the wide range of careers connected to the A9 Dualling Programme.

Over the past year, 40 Academy9 events were delivered, resulting in more than 10,000 hours of pupil engagement with 1,812 pupils participating. In addition, the programme recorded 579 teacher engagement hours and 934 hours of input from STEM professionals, demonstrating a collaborative and cross-sector approach. Feedback of the programme's impact found that 97% of participating young people reported an increase in their knowledge of STEM careers, up from 93% in 2023-24.

Partnerships with schools remain central to Academy9's success. Engagement has

remained strong, with high participation in the 'Sustainable Solutions: Roads of the Future' Challenge, which attracted 20 schools from beyond the A9 corridor to join the 10-week initiative. Year-on-year progress is strong across key performance indicators: the total number of events, pupil and teacher engagement, and professional contributions have all enhanced. The professional contributions help ensure resources remain current and relevant, while also providing relatable role models for the young people involved.

Looking ahead, Academy9 will continue to build on its success by evolving content in line with emerging curriculum priorities and skills needs. We are committed to maintaining a high-impact, inclusive, and forward-looking programme, ensuring that the educational social value delivered by the A9 Dualling Programme continues to benefit learners across Scotland.



A9 Dualling: Tomatin to Moy Project

As part of the delivery of the A9 Dualling: Tomatin to Moy project, the contractor for the project has already delivered a number of benefits that were outlined in their community benefits proposals. Since the contract was awarded in July 2024, they have engaged with over 100 students in school workshops including risk reduction, employability and routes into work; and employed several regional employees as part of the contract, including one locally based graduate. They have also provided health and safety training equipment to Barnardo's Inverness, to allow for training for jobseekers at their Inverness site and committed to provide £8,000 towards a mobile training unit for Barnardo's Works for provision of outward education in more remote areas.



Sustainable Procurement

Transport Scotland's **Corporate Procurement Strategy** for 2024-2025, which was published in May 2024, detailed how procurement activity would support Transport Scotland in achieving our corporate objectives. Our procurement strategy for the reporting period is aligned with the Scottish Government's Public Procurement Strategy for Scotland 2023-2028 and has a focus on implementing sustainable procurement throughout all our procurement activity. During the reporting period we spent almost £1 billion on our procured contracts. Details of our procurement activity including spend figures will be included in Transport Scotland's Annual Procurement Report, published towards the end of 2025.

Each of our procurements requires a project procurement strategy, which ensures that project managers consider supported businesses, environmental impact, fair work, community benefits, accessibility and cyber security for all our regulated procurements.

We remain at the forefront of implementing community benefits into our contracts and a wide range of community benefits are delivered through our contracting activity. These include new job, training, and work placement opportunities as well as engagements with the communities in which we work, such as school visits, interaction with community groups, and donations to charities. A case study detailing some of the community benefits we have provided will be included within our Annual Procurement Report.



Bus Taskforce – Best Practice on Community Engagement Guidance

The Bus Taskforce was convened in October 2022 as a short life working group to address the immediate challenges facing the bus industry as it recovered from the challenges of Covid-19 and to support the sector to collectively adjust to changing travel patterns brought about by the pandemic.

The **Best Practice on Community Engagement Guidance** was produced by the Community Engagement sub-group in April 2024 and provides bus operators, local authorities and communities with specific guidance on the active and positive role which local people and communities can and should play. This guide is for anyone with a personal or professional interest in, or responsibility for contributing to or making decisions in, the design or delivery of bus services in Scotland, especially those tasked with engaging with or empowering local people and communities. It recognises that community engagement is a mutually beneficial, two-way process which entails rights and responsibilities for all parties as part of an approach which is open, fair, and collaborative.

Public transport has a crucial role to play in achieving our government's priorities on equality, opportunity, and community. The work conducted during the Bus Taskforce will form the basis of on-going collaborative work with the bus sector to help achieve a transport network that works for everyone.



ScotRail Bus Link Service by ScotRail



Ferry Services

Subsidised ferry operators, CalMac Ferries Limited (CFL) and Serco NorthLink Ferries (SNF) engage regularly with relevant stakeholders and in the market when procuring goods and 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.

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 (CMAL) provide a range of community benefits through provision and maintenance of infrastructure, including the use of locally based contractors and subcontractors for major and minor port projects across the west coast. As fleet owners, CMAL also work with the operators, CFL and SNF, on the provision of new and maintenance of current vessels, sourcing where appropriate locally based contractors and subcontractors. The majority of the winter maintenance and overhaul contracts are delivered at drydocks in Scotland and new build contracts include, where appropriate, opportunities for training and education links for local apprentices. CMAL also have a community fund and are involved in supporting local causes.



CalMac Ferries Limited (CFL) and Serco NorthLink Ferries (SNF)



Plugged-in Communities



In 2024-25 we continued to fund the Plugged-in Communities grant fund. This fund is administered by Energy Saving Trust. This fund has supported a growing number of community transport schemes across the country make the switch to zero emission vehicles, including charities, local groups for the elderly, rural mobility initiatives and schools. As well as performing an important social mission, zero emission community transport plays a key role in local communities by providing access to a more sustainable form of mobility, contributing to improved air quality, and reducing polluting greenhouse gas emissions, while at the same time supporting the Scottish Government's world leading car reduction and climate commitments.

These services are much valued by their users allowing them to play a greater part in their local community, helping them to remain independent with less reliance on social and health services. Through grant funding these community-led organisations have been able to purchase zero emission vehicles and the associated infrastructure that allows them to recharge the vehicles at their premises.

To date the Scottish Government has invested over £4.2 million supporting 55 community transport organisations procure 64 zero emission vehicles covering over 250,000 of zero emission miles.



Natural Capital and the Trunk Road Network

Scotland's natural capital is considered vitally important by Scottish Government. The Trunk Road Network comprises the majority of the Transport Scotland estate and is the most valuable Scottish Government asset in monetary terms; therefore, developing a baseline to inform decision making is considered of strategic importance in terms of understanding and influencing Transport Scotland's sum contribution to managing the natural environment.

Transport Scotland has already begun to incorporate natural capital within capital projects (for example the A9 Dualling Programme and the A83 Access to Argyll scheme). The recent development of a spatial

natural capital baseline, with an interactive, geo-spatial/mapping tool provides the agency with the facility to identify and analyse the extent and (in some cases) the monetary values for different ecosystem services supported by the natural environment throughout the existing Trunk Road Estate. This will help ensure future decisions and projects will be able to incorporate natural capital considerations at an appropriate stage in their development.

The next stage will be to explore how the agency can embed the new tool into operational procedures and systems, helping to optimise approaches to support improved assessment and management of the habitats present along the roadside corridor and the ecosystem service benefits they provide.



Rest and Be Thankful Viewpoint by Edward Craig



2024-25 Financial Performance





Financial performance and use of resources

The purpose of this section is to summarise the financial performance against the budget for the 2024-25 financial year. Transport Scotland received the majority of its funding from the Scottish Government and a small amount of income is also generated (Note 5). During 2024-25, total income reported was £12.2 million and funding received from the Scottish Government of £3.9 billion reflected in our revised budget (HM Treasury total).

Transport Scotland's overall budget includes its Non-Departmental Public Bodies (NDPBs) Highland and Island Airports (HIAL), 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 Scotland's own spending. Scottish Government funding is accounted for in the Scottish Government accounting system (SEAS), now Oracle, but there are further accounting adjustments in the NDPBs that are reflected in Transport Scotland's overall HM Treasury outturn. The amounts in the tables below show all expenditure and accounting adjustments to reflect the total HM Treasury 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.

In 2024-25, Transport Scotland successfully managed its finances within all budget controls as outlined below.

During 2024-25, total income reported was £12.2 million and funding received from the Scottish Government of £3.9 billion reflected in our revised budget (HM Treasury total).



In 2024-25, Transport Scotland successfully managed its finances within all budget controls





Total Budget and Outturn

	Opening Budget Bill 2024-25 £'000	Budget as at SBR 2024-25 £'000	Outturn 2024-25 £'000	Variance £'000	% Variance
Rail Services	1,424,318	1,496,586	1,467,622	(28,964)	-2%
Bus Services	429,728	454,141	446,914	(7,227)	-2%
Motorway and Trunk Roads	984,597	969,832	801,493	(168,339)	-17%
Ferries	434,454	461,861	422,008	(39,853)	-9%
Air	79,761	73,508	74,359	851	1%
Other Transport	299,159	193,808	179,546	(14,262)	-7%
Local Authority Grants	51,727	41,700	41,946	246	1%
Total SG funding	3,703,744	3,691,436	3,433,888	(257,548)	-7%
HMT Adjustments	221,563	265,660	275,163	9,503	4%
HMT TOTAL	3,925,307	3,957,096	3,709,051	(248,405)	-6%

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

Outturn Analysis

Budget Classification	Budget as at SBR 2024-25 £'000	Outturn 2024-25 £'000	Variance £'000	% Variance
Resource	1,525,493	1,520,283	(5,210)	-0.3%
Capital	2,090,048	2,019,120	(70,928)	-3%
Non-cash	358,504	227,551	(130,953)	-37%
Financial Transactions	(46,500)	(46,500)	-	0%
AME	29,551	(11,403)	(40,954)	-139%
HMT TOTAL	3,957,096	3,709,051	(248,045)	-6%



Outturn variances – summarised by type

	2024-25 £'000
Total Outturn Variance	
of which:	
Technical accounting adjustments (provisions)	(40,954)
Non-cash	(130,953)
Rail Resource	4,700
Bus Resource	(6,900)
Other Resource	(3,010)
Rail Capital	(18,452)
Motorway and Trunk Roads Capital	(26,664)
Ferries Capital	(20,503)
Other Capital	(5,310)
Total Outturn Variance	(248,045)

Overview

The total underspend of £248 million (2023-24: £100 million underspend) represents approximately 6% (2023-24: 3%) of the overall budget. £172 million of this underspend relates to technical accounting adjustments and non-cash budgets which are ringfenced and cannot be used to cover other expenditure. Therefore, the remaining underspend totals £76 million, 2% of the overall budget.

The Statement of Comprehensive Net Expenditure (SoCNE) on page 99 records net operating costs of £3.167 billion. Capital expenditure and HMT Adjustments in NDPBs are not recognised as in-year expenditure within the SoCNE, and the Net Operating Costs from SoCNE, and the table below on page 46 provides a reconciliation of overall outturn to the SoCNE.

Resource

Resource outturn of £5.2 million (0.3%) underspend was largely delivered by:

- £6.9 million underspend in Bus Services due to lower than anticipated Concessionary Travel expenditure as a result of bad weather towards the end of the year as well as lower than forecast claims by bus operators relating to the bus support grant.
- £2.6 million underspend in Ferries following the reprofile of vessel procurement timetables.
- This underspend is offset by an overspend in Rail due to lower than forecasted revenue related to a downturn in leisure patronage.



Capital

Capital outturn of £71million (3%) underspend which relates to:

£18.5 million underspend in Rail which reflects underspends of £22 million on Network Rail programmes driven by rephasing of national (UK wide) Network Rail Programmes whose costs are allocated to Scotland Region as well as lower than anticipated compensation payments. A further £6 million underspend relates to slippage in works by Scottish Rail Holdings subsidiaries. These underspends were offset by £10 million additional spend on infrastructure improvement and rolling stock renewal programmes, including early feeder station milestone achievements.

The £26.7 million underspend on Motorway and Trunk Roads Capital relates to unavoidable weather and construction related delays across several projects including Woodside and the A83 Rest and Be Thankful.

£20.5 million underspend on Ferries relates to a reprofiling of vessel payments and ports and harbour works into 2025-26.

Financial Transactions

The Transport portfolio returned £47 million in FT repayments from the Low Carbon Transport Loan Scheme in 2024-25, as agreed with the Cabinet Secretary for Finance and Local Government.

Non-Cash

£130.9 million or 53% of the overall underspend is driven by movement in non-cash depreciation driven by fluctuation in the Roads valuation. This budget is ringfenced and cannot be used to cover other expenditure.

Annually Managed Expenditure (AME)

AME is related to accounting adjustments for provisions which are less predictable and therefore resulted in a variance of £41 million. This represents a number of accounting adjustments to release previously made provisions where the liability had crystallised or, upon reconciliation, were no longer required and unwinding the discount on loans to the Energy Saving Trust. AME budgets are ringfenced therefore underspends cannot be used elsewhere.

Reconciliation of overall outturn to the SoCNE

	2024-25 £'000
Net Operating Costs from SoCNE	3,166,840
Add HMT Adjustments that do not go through SoCNE	275,163
Add: Additions to PPE (Note 6)	215,786
Add: Additions to Investments (Note 9)	108,844
Less: Repayments of Investments (Note 9)	(57,581)
Outturn	3,709,051



Looking Ahead



As an agency of the Scottish Government, we remain focused on the national outcomes of the National Performance Framework, and the four priorities of the National Transport Strategy: Reduces Inequalities, Takes Climate Action, Helps Deliver Inclusive Economic Growth and Improves our Health and Wellbeing. Associated outcomes include:

- Peak fares will be permanently abolished from 1 September 2025, to encourage more people to travel by train, reduce car journeys, and help existing peak time rail passengers with the cost of living. A significant marketing programme will support the abolition.
- Continue to deliver the major vessels programme with MV Glen Rosa at the Ferguson Marine shipyard, MV Isle of Islay and three other vessels at the Cemre shipyard expected by summer 2026 and begin work to deliver seven new electric ferries.
- It will be easier for people to walk, wheel, and cycle on everyday journeys by delivering projects through our 2025-26 sustainable travel programmes, including the new Bus Infrastructure Fund.
- Electrification and enhancement of the East Kilbride rail line will be completed in 2025-26, enabling the introduction of electric trains on the route from December 2025.
- Rail power supplies will be upgraded and reconfigured to support existing and future electrification, with a new 'feeder station' planned to enter service at Newton in Lanarkshire during 2025-26.
- Procurement of ScotRail's Intercity Fleet Replacement Programme will continue and options around replacement of ScotRail's suburban fleet will be explored.
- Our roads will be made safer and the numbers killed or injured will be reduced, through delivery of 20 mph speed limits on appropriate roads by the end 2025-26 and of road safety funding for road authorities.
- New rural and island EV infrastructure grants will be introduced to help deliver approximately 24,000 additional public electric vehicle charge points by 2030.
- A new pilot grant scheme to help households without off-street parking to install cross-pavement EV charging solutions will be introduced
- The Scottish Government has announced a further investment of up to £40 million through the second **Scottish Zero Emission Bus Challenge Fund** (ScotZEB2). It is estimated that this investment could bring as many as 300 zero-emission buses to Scotland's bus operators.
- A pilot scheme for a £2 bus fare cap in one of Scotland's transport regions will be backed by £3 million in this financial year.
- Up to £4 million will be provided to increase the shift of freight from road to rail through the Freight Facilities Grant, and a first round of funding will be introduced for the HGV sector to explore investments in decarbonised vehicles, charging and fuelling options.
- Support for skills to help businesses and the workforce to adapt to zero emission vehicles will be expanded, with £350,000 invested to develop capacity in colleges in EV and charge point maintenance and repair and a further £400,000 invested for a new heavy-duty vehicle just transition initiative.



- A renewed policy statement on reducing car use in Scotland was published in June 2025, this was jointly with COSLA which will set a successor target for car use reduction aligned with the development of the draft Climate Change Plan and working with COSLA and regional transport partnerships to develop delivery plans for car use reduction, reflective of different communities and places.
- A Trunk Road Adaptation Plan will be published, and work will continue to improve the resilience of our railways.

Future Spending Plans

The Scottish Budget 2025-26 provides details of our spending plans that will help deliver sustainable economic growth. The table below presents the allocations that were provided in line with the **Scottish Budget 2025 to 2026 – gov.scot**.

The 2025-26 Budget of £4.009 billion (2024-25 £3.841 billion) is an increase of 4.4% from the prior year's Budget.

Transport Scotland Budget Type	2025-26 £000s
Fiscal Resource	1,545,200
Resource Depreciation (Non-Cash)	345,100
SG AME Non-Cash	500
Capital	2,128,400
Financial Transactions	-10,000
TOTAL SG FUNDING	4,009,200

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

Chief Executive

The Accountable Officer authorised these financial statements for issue on 19 September 2025.



Accountability Report



This section of the report describes our governance structures and how they support delivery of our business objectives. It comprises the Directors Report, Statement of Accountable Officers 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. We are accountable to Ministers, and Ministers are accountable to Parliament for our functions and performance. Being an Executive Agency, our management and budgets are separate from core Scottish Government and our Chief Executive is accountable for managing our performance and the budget required to deliver a high-quality service based on our values of dignity, fairness and respect

Throughout the financial year 2024-25, Fiona Hyslop MSP remained Cabinet Secretary for Transport.

Jim Fairlie MSP remained Minister for Agriculture and Connectivity, with responsibility for Aviation and Air Services, Island Connectivity, Bus Services and Concessionary Fares and Scottish Canals. The Minister reports jointly to the Cabinet Secretary for Transport and for Rural Affairs, Land Reform, and Islands. The Minister has additional responsibilities sitting within the latter portfolio but that fall out with the remit of Transport Scotland.

Patrick Harvie MSP was Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights, with responsibility for active travel and the Future Transport Fund, which fall within the remit of Transport Scotland, until 25 April 2024.

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

Alison Irvine is the Chief Executive and the Accountable Officer for Transport Scotland. The Chief Executive is 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 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.



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 are 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.

John Matheson's appointment ended on 30 April 2025. Graeme Dickson has been appointed chair until August 2026, with Lesley McLeod's appointment extended until August 2026. David Climie, Gillian Bruton and Iain Stewart have been appointed to the Committee from 1 May 2025 until 31 August 2028.

Directors' Register of Interests

A register of interests for all Executive Advisory Body and Executive Team members is maintained and published on our website ([Transport Scotland Directors Register of Interests 2024-25 | Transport Scotland](#))

Other disclosures

Personal Data Related Incidents

There were no personal data-related incidents reported to the Information Commissioner's Office (ICO) in 2024-25 (2023-24: 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 in line with the Scottish Government 10-day payment policy. We settled 96% of invoices within this timescale within 2024-25 (2023-24: 96%).

Freedom of Information (FOI) Request Statistics

Under the Freedom of Information (Scotland) Act 2002 (FOISA), a person who requests information from a Scottish public authority which holds it is entitled to be given it by the authority, subject to certain conditions and exemptions set out in the Act. Within 2024-25, Transport Scotland received 568 FOI requests (2023-24: 590), 99% of which were responded to within the statutory working time of 20 working days (2023-24: 97%).

Basis of Accounts

Transport Scotland's 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.

Departmental Accounting

These accounts reflect the assets and liabilities of Transport Scotland as at 31 March 2025, and the financial results of the agency for financial year 2024-25, as required by and defined in the Government Financial Reporting Manual. 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 FReM.

External Audit

The financial statements for 2024-25 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 £205,750 (2023-24: £201,960), 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; and
- 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.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Transport Scotland's auditors are aware of that information. So far as I am 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. They are 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.

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 eight Directors per Our Organisation (Page X). In 2024-25, the SMT met on a twice 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's remit and the operation of the transport network

- Governance and delivery of projects
- Assurance 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 strategy.

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 the minutes monthly from Corporate Senior Management team meetings. 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 four times over the reporting period on 29 May 2024, 28 August 2024, 25 November 2024, and 11 March 2025. Its members over this period were:

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

Under the Scottish Public Finance Manual, Accountable Officers appointed by the Principal Accountable Officer have a specific responsibility to ensure that arrangements have been made to secure best value. Scottish Ministers expect all Accountable Officers to comply with the duty of Best Value placed upon them.

As part of this duty, arrangements are to be made to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance. Regard is also to be made to economy, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

The Scottish Public Finance Manual groups Best Value characteristics to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve Best Value. Each of these have been listed below, alongside some examples from the reporting year to demonstrate how these have been achieved by Transport Scotland.

Vision and Leadership

- **Transformation Programme:** This programme, which ran throughout 2024-25, seeks to look collectively at our organisation and the way we work. This Programme is divided into six workstreams, which are a key driving force in securing Best Value through vision and leadership. These are: (1) Organisation Purpose; (2) Prioritisation Exercise; (3) Organisation Design; (4) Leadership and Managing Change; (5) Learning and Development; and (6) Wellbeing. Each of these workstreams has a Senior Management Team Lead to provide visibility and leadership through the process.
- **Organisational Design:** During the reporting year, we have been undertaking an Organisational Development programme within Transport Scotland to develop options for structural change, which will maximise efficiencies from flexible working across teams and economies of scale. This forms part of the wider Scottish Government's Transformation programme. This programme has provided us with an opportunity to reset our priorities to align better with the second National Transport Strategy.



Governance and Accountability

- **Investment Decision-Making:** In supporting the Accountable Officer in making investment decisions, the Investment Decision Making (IDM) Board provides advice on the major capital and resource investment programme, ensuring value for money and accountability in the delivery of the agreed investment programme, and providing advice on the progression of individual projects to the next stage. Core to supporting these decisions is a suite of appraisals, assessments, and evaluations (some examples below).
- **Appraisal, Assessment and Evaluation:** The Scottish Transport Appraisal Guidance (STAG) supports the vision for transport in Scotland by providing a framework to identify and appraise transport interventions. It follows a structure and methodology that is consistent with the UK Government's Green Book. The process is designed to provide investment decision-makers with the information they need in a clear, structured format. This forms a key part of a transport-related Business Case. STAG aligns with a Strategic Business Case (SBC) for interventions. An appraisal using STAG will generate the Strategic Case and the Socio-Economic Case included in the five-case model typically used in business case development. As part of the options appraisal, an assessment is required on how options perform against current Scottish Government policy objectives. In so doing, the Policy Assessment Framework (PAF) tool is used. The Scottish Trunk Road Infrastructure Project Evaluation (STRIPE) framework is used for the evaluation of road schemes costing over £5 million and considers whether the scheme's Transport Planning Objectives were achieved

and benefits realised; whether the outturns impacts of the project were as forecast; how well the project was implemented; what the impacts were on established policy directives; and what lessons can be learnt to improve decision-making.

Use of Resources

- **Procurement:** For Transport Scotland, procurement and commercial capability are key enablers to successfully delivering our business and securing Best Value. While a large part of our budget is allocated to other public and private sector organisations through grants and support, our procurement spend is significant and almost £1 billion was spent on contracts under our management in 2024-25. Through the Scottish Government's Procurement and Commercial Improvement Programme, Transport Scotland was assessed in the top performance category for the majority of areas assessed. Our mature procurement governance processes support the delivery of Best Value, with our contracts being awarded through genuine and effective competition unless there are exceptional reasons not to do so. In line with the Procurement Reform (Scotland) Act 2014, Transport Scotland reports on the strategic direction of its procurement activity for each financial year in support of the Scottish Government's goals. The Corporate Procurement Strategy for 2024-25 was published in May 2024 and sets out our strategic direction for procurement activity, taking into account our legal obligations, ensuring that we make the best use of public money, whilst protecting our climate and improving lives. Our Annual Procurement Reports provide a summary of our regulated



procurement activity over each financial year. At the time of publication, the latest Annual Procurement Report was for 2023-24 and was published in March 2025.

- **Continuous scrutiny of budgets:**

Throughout the reporting period, we have undertaken continuous scrutiny of budgets to drive efficiencies and ensure that our processes align with the Scottish Public Finance Manual (SPFM). Transport Scotland has used the Accountable Officer Spending Control and Accountable Officer Assessment processes as a key part of financial governance and to drive Best Value.

- **Estates Strategy:** As our organisation adapts to supporting delivery in changing circumstances, so does our ongoing support for our people. In May 2025 Transport Scotland moved to new premises in Glasgow where our people are benefiting from a fully flexible workspace with colleague wellbeing at the heart of the design. The office space at 177 Bothwell Street reflects colleagues' views on the need for flexible working spaces that support collaboration with colleagues and stakeholders alike. Transport Scotland has sublet a floor of its new Bothwell Street offices to several NHS bodies to ensure a more efficient use of space as it embraces hybrid working, cutting its floor space to less than half of what it occupied pre-COVID. Co-locating is delivering significant savings both to Transport Scotland and the health bodies, with an anticipated overall cost savings and excess cost avoidance of c. £15 million to the public purse over the 25-year lease period. The move also supports three public bodies into new net zero carbon office facilities and delivered c. 28,500 sq. ft. reduction in the size of the Glasgow public sector estate.

Partnership and Collaborative Working

- As an Executive Agency that sponsors other public bodies, Transport Scotland works collaboratively and in partnership with other organisations. This is achieved in part through a Transport Scotland sponsorship hub for our sponsor teams and providing a platform for working collaboratively on key matters, such as the Public Service Reform (PSR) agenda.

Working with Communities

- **Consultations:** We engage with people and stakeholder organisations as a key part of our policymaking approach. Consultations play a key role in this public engagement. Both our open and closed consultations can be [viewed on our website](#).

Fiscal Sustainability

In considering how best to approach Public Sector Reform (PSR) for transport related issues, the agency's focus often differs from other public services who are seeking to reduce demand. In public transport, the goal is to increase demand, to encourage more people to use it and to develop a fiscally sustainable path which improves value for money for the taxpayer. Transport operates on a commercial basis, with Scottish Ministers providing a subsidy where required. The priority for reform is therefore to build a financially sustainable and accessible transport system that the people of Scotland can rely on by improving its resilience and effectiveness. This means ensuring that changes we bring in don't undermine efforts to promote sustainable transport choices. Increasing public transport services and accessibility supports Ministers net-zero ambitions as well



as reducing inequalities and supporting the economy of Scotland. By increasing patronage, we not only promote our Climate Change priorities, but generate revenue and reduce the need for public subsidy.

Fairness and Equality

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

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:

- 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.
- 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

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 four times per year. 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

Within 2024-25, the Transport Scotland Risk Appetite Statement was updated. This Statement aligns with the agreed risk appetite for the wider Director General Net Zero Portfolio.

Further detail on these risks is included in the performance report pages (18-21).

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 personal data 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 know what information we have and where it's stored
- We collaborate with others to share knowledge and information
- We know how to protect information and manage it appropriately

- We have the skills needed to manage information
- We know why this matters because our organisation values knowledge and information
- We know what's expected when creating and using information
- We have the tools needed to manage information

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 2024-25, no incidents relating to personal data were reported to the Information Commissioner's Office (ICO) by Transport Scotland (2023-24: 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. Cyber Resilience retains a high profile throughout the agency, and our ICT colleagues continue to improve staff awareness and monitor systems. We have joined forces with the Scottish Government and other agencies in terms of developing and sharing best practice. The Agency is working towards maintaining Cyber Essentials in 2024.

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 continued 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 no new cases of suspected fraud highlighted during the year (2023-24 ten). However, there continues to be investigations into prior year fraud cases to ensure they can safely be closed. Information

continues to be shared with Police Scotland where 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. This is also reflected in the contribution to the Scottish Government project designed to review and enhance the overall approach to fraud detection and prevention. This project is designed to assess all areas of fraud prevention, consider the need for new approaches to training and the potential resources available for increasing the awareness and profile of this work.

Business continuity

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

The aim of the Plan is central to keeping the organisation safe, secure, and resilient. Transport Scotland requires all Directorates to develop, exercise and keep up to date the business continuity plan to deal with the consequences of business disruption. The Plan was updated within the 2024-25 financial year.

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.



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 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 four assurance reviews were completed in-year as follows:

- Travel and Subsistence (T&S), ePC Expenditure and Gifts and Hospitality
- Incident Management
- Major Projects
- Grants Management

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 August 2025 as part of their audit of the Annual Report and Accounts 2024-25 for Transport Scotland. The matters and recommendations that were raised have either been addressed by management or actions have been put in place to address these within Transport Scotland. An Audit Tracker is used to track progress, and this is presented quarterly to the Audit and Risk Committee.

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 2024-25, there was one case reported under the Whistleblowing Policy within Transport Scotland (2023-24: 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's Directorate of Internal Audit and Assurance, 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 2025 and up to the date of approval of the Annual Report and Accounts.



Remuneration and Staff Report





This section sets out 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 and policies and details on staff numbers and staff related expenditure.

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)**

Whilst Transport Scotland does not have a Board with non-executive directors, the Audit and Risk Committee has external non-executive 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.



John Matheson's appointment ended in April 2025 with Graeme Dickson succeeding him as Chair. On 1 May 2025, the Chief Executive appointed Gillian Bruton, David Climie and Iain Stewart to the committee for three-year terms.

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 and the value of any bonuses or taxable benefits in kind of the directors for the year 2024-25, along with comparative figures are shown in the table below.

Accrued pension benefits for all directors, with one exception, were not reported in 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy. These figures are included in the below table to provide a comparator for 2024-25.



Directors Remuneration

Director	Salary £000s		Bonus £000s		Benefits in Kind £000s		Pension Benefits £000s		Total £000s	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Fiona Brown (Interim) (Transport Strategy & Analysis)	90-95	85- 90	-	-	-	-	36	34	125-130	115-120
Morna Cannon (Interim) (Environment, Climate and Sustainability)	90-95	75- 80		-		-	35	31	125-130	105-110
Gary Cox (Interim) (Aviation, Maritime, Freight & Canals)	35-40	75- 80		-		-	54	0	90-95	75-80
Hugh Gillies (Roads)	90-95	85- 90	-	-	-	-	72	49	160-165	135-140
Alison Irvine (Chief Executive)	105-110	100- 105	-	-	-	-	42	40	145-150	140-145
Roddy Macdonald (Ferries)	85-90	85- 90	-	-	-	-	57	62	145-150	145-150
Bill Reeve (Rail)	125-130	115- 120	-	-	-	-	53	12	180-185	125-130
Lawrence Shackman (Major Projects)	90-95	85- 90	-	-	-	-	56	40	145-150	125-130
Bettina Sizeland (Bus, Accessibility and Active Travel)	90-95	85- 90	-	-	-	-	47	46	140-145	130-135
Kerry Twyman (Finance and Corporate Services)	110-115	105- 110	-	-	-	-	66	48	175-180	150-155
Chris Wilcock (Interim)	0-5	0	-	-	-	-	0-5	0	0-5	0



Single total figure of remuneration

In respect of the included information the value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, 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.

Gary Cox left post as interim Director of Aviation, Maritime, Freight & Canal on 30 August 2024. The £35,000 – £40,000 for year 2024-25 represents salary from 1 April 2024 date of leaving. 2024-25 full year equivalent banding would be £90,000 – £95,000.

Roddy Macdonald left post as Director of Ferries on 28 February 2025. The £85-90,000 for year 2024-25 represents salary to leaving date. 2024-25 full year equivalent banding would be £90,000 – £95,000.

Chris Wilcock joined post as Interim Director of Ferries on 12 March 2025. The £0 – £5,000 for year 2024-25 represents salary from this start date to 31 March 2025. 2024-25 full year equivalent banding would be £90,000 – £95,000.

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 employers' 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 2024-25 are as follows:

- John Matheson £330 daily rate
- Graeme Dickson £330 daily rate
- Lesley Macleod £330 daily rate



The remuneration of the Transport Scotland external members, for all commitments, were as follows.

Name	Title	Fees £000	
		2024-25	2023-24
John Matheson	External Member ARC	15-20	5-10
Graeme Dickson	External Member ARC	5-10	0-5
Lesley Macleod	External Member ARC	0-5	0-5

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

Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce, as well as the 25th and 75th percentiles. Total remuneration includes salary, performance-related pay and non-cash benefits. There were no performance-related pay or non-cash benefits made during the financial year.

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 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 £125k-£130k (2023-24: £115k-£120k). Please note the below year to year comparisons in relation to the highest paid director.

- This was 2.6 times (2023-24: 2.4) the median remuneration of the workforce, which was £49,472 (2023-24: £48,031).
- This was 3.3 times (2023-24: 3.2) the 25th percentile of the workforce, which was £38,271 (2023-24: £37,156).
- This was 2.0 times (2023-24: 1.9) the 75th percentile of the workforce, which was £64,859 (2023-24: £62,969).

Changes in pay ratios are attributed to changes in remuneration of the highest paid director and the pay and benefits of employees taken as a whole; increases in remuneration are in line with approved pay policies. The table below provides a summary of these pay ratios:



Pay Ratios							
Year	Midpoint £	Median £	Ratio	25 Percentile £	Ratio	75 Percentile £	Ratio
2024-25	127,500	49,472	2.6	38,271	3.3	63,241	2.0
2023-24	117,500	48,031	2.4	37,156	3.2	62,969	1.9

Changes in year

The average percentage change increased by 2.2% primarily due to the 2024-25 pay award.

	2024-25 Total Salary £	2023-24 Average FTE	Average Salary per FTE	2024-25 Total Salary £	2023-24 Average FTE	Average Salary per FTE	Average Percentage Change
TS Employees	31,743,000	557	56,989	28,702,976	515	55,756	2.2%

In 2024-25, no employee received remuneration in excess of the highest paid director (2023-24: None). Remuneration across Transport Scotland ranged from £25k – £125.5k (2023-24: £22k – £117.5k).

	2024-25 Midpoint £	2023-24 Midpoint £	Percentage Change
Highest-Paid Director	127,500	117,500	8.50%

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.

Civil Service and other Compensation Scheme

Within Transport Scotland, no members of staff agreed departures under the Civil Service Compensation Scheme rules in 2024-25 or 2023-24.

One member of staff retired on ill health grounds in 2024-25. (2023-24: Three).

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 2025. The pension entitlements of the Directors of Transport Scotland are shown in the below table. These are 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.

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 also 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.

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.

Further details on the different schemes available to employees can be found in Note 2 to the accounts. Further details about the Civil Service pension arrangements can be found at the website [Home – Civil Service Pension Scheme](#).



	Lump Sum at NRA as at 31 March 2025 £000	Real Increase in Lump Sum at age NRA £000	Accrued Pension at age NRA as at 31 March 2025 £000	Real Increase in Pension at age NRA £000	CETV as at 31 March 2025 £000	CETV as at 31 March 2024 £000	Real Increase in CETV in 2024- 25 £000
Fiona Brown	0	0	20-25	0-2.5	251	208	19
Morna Cannon	0	0	10-15	0-2.5	159	126	17
Gary Cox	105-110	5-7.5	40-45	2.5-5	888	829	48
Hugh Gillies	0	0	40-45	2.5-5	921	817	66
Alison Irvine	0	0	25-30	2.5-5	456	384	30
Roddy Macdonald	0	0	50-55	2.5-5	1087	989	56
Bill Reeve	0	0-2.5	65-70	2.5-5	1623	1518	45
Lawrence Shackman	75-80	0-2.5	30-35	2.5-5	753	697	50
Bettina Sizeland	0	0	25-30	2.5-5	558	491	39
Kerry Twyman	0	0	40-45	2.5-5	764	682	48



Staff Report

Equality, diversity, and inclusion

As part of the Scottish Government, Transport Scotland share its vision to be a world-leading, diverse employer where colleagues can be themselves at work. We are committed to giving all our colleagues the opportunity to shine and to nurturing talent at all levels with a diverse workforce reflective of the communities we serve. We foster an inclusive workforce culture which values the contribution of staff from all backgrounds because we know a more inclusive workspace is more productive and innovative.

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.

Transport Scotland's equality, diversity and inclusion group has met frequently in the last year. The group has sought to highlight suitable networks and learning opportunities. 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 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.



The table below overviews the gender split within Transport Scotland for the year 2024-25.

2024-25			
Gender	CEO and Directors	Employees	Total
Female	5	310	323
Male	4	306	318
Total	9	616	625

2023-24			
Gender	CEO and Directors	Employees	Total
Female	5	273	278
Male	5	304	309
Total	10	577	587

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) 2024 survey was 61% (2023 59%). Our results across the headline categories saw an increase in all areas, apart from Inclusion & Fair Treatment which remained the same as last year's survey with a score of 78%. The highest increases compared to last year's survey results were Pay and Benefits (55%), Organisational Objectives (76%) and Resources & Workload (73%). The highest overall scores were My Team (83%), My Work (78%) and Inclusion & Fair Treatment (78%). 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.

Sickness Absence Rates

In 2024-25 an average of 9.1 working days (2023-24: 9.1) were lost due to sickness absence per staff year for Transport Scotland. This compares to an average of 8.7 working days lost due to sickness absence in core Scottish Government in 2024-25.

In 2024-25, the percentage turnover for Transport Scotland permanent staff was 4.94% (2023-24: 5.71%). There were 28 leavers within the period, and an average headcount of 557 permanent staff. This compares to a percentage turnover of 3.88% in core Scottish Government in 2024-25, and an average headcount of 9,350 permanent staff.

Health, safety and wellbeing

Transport Scotland 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.

Transport Scotland Wellbeing

At Transport Scotland, we are committed to fostering a supportive and healthy working environment for all our staff. This year, we developed a comprehensive Wellbeing Strategy and Action Plan, outlining our approach to staff wellbeing and signposting a range of resources available to support our people. To ensure this strategy is meaningful and actionable, we held wellbeing workshops with every Directorate, focusing on practical steps each team can take to enhance wellbeing in their specific context. In preparation for the introduction of the 35-hour working week, we also supported the implementation of a 'wellbeing hour', giving staff the opportunity to take one hour each week to step away from their usual duties and focus on their personal wellbeing. These initiatives reflect our ongoing dedication to creating a positive workplace culture. Looking ahead, we will continue to prioritise and expand our wellbeing activities in the next financial year, ensuring our people feel valued, supported, and empowered.

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 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.

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 Diversity and Inclusion Employer Strategy policy was published in May 2024 and sets out our employer visions, commitments and equality outcomes 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 2025 who had declared a disability employed by Transport Scotland was 68 (2023-24: 57).

Staff numbers and costs

Details of staff costs for the year are contained within Note 2 to the Accounts. Transport Scotland incurred £43 million in relation to total staff costs in the year 2024-25 (2023-24: £39.2 million). Of this, £42 million was in relation to permanent staff, who are civil servants with an employment contract with Transport Scotland (2023-24: £38.3 million). The balance of £1 million related to agency staff (2023-24: £0.9 million).

Note 2 includes the costs of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland. Totalling £4.7 million (2023-24 £5.1 million), these costs have been charged to capital expenditure in respect of the projects identified in the year and are included with the project costs in Note 4.

In addition to the staff costs for the year contained within Note 2 to the accounts, the agency paid out £6.1 million in professional consultancy costs in 2024-25 (2023-24: £11.6 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 2024-25, Transport Scotland's headcount totalled 625, analysed in the table below.

Staff Category	Headcount at 31 March 2025	Headcount at 31 March 2024
Permanent Staff	579	536
Agency Staff	2	7
Consultants Employed	44	44
Total	625	587

Pension liabilities

The pension entitlements of the 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





The following Parliamentary Accountability section summarises all of the key accountability documents for the agency, including the Independent Auditor's Report for the year.

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

We have clear policies regarding acceptable level of gifts and hospitality, both given and received. We ensure all colleagues are aware of their obligations under the Civil Service Code and their conditions of employment

Losses and special payments

Irrecoverable costs no longer being pursued amounted to £196,702 (2023-24 £430,000) in respect of nineteen cases and these have now been written off.

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 25 February 2025
National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025
- Tuesday 21 January 2025
Budget Scrutiny 2025-26
- Tuesday 29 October 2024
Local Services Franchises (Traffic Commissioner Notices and Panels) (Scotland) Regulations 2024
- Tuesday 8 October 2024
Vehicle Emissions Trading Schemes (Amendment) Order 2024
- Tuesday 3 September 2024
Passenger Railway Services (Public Ownership) Bill (UK Parliament legislation)
- Tuesday 4 June 2024
Stocktake of Scottish Government Transport Policies and Performance



- Tuesday 30 April 2024
Transport Partnerships (Transfer of
Functions) (Scotland) Order 2024

Finance & Public Administration Committee

- Tuesday 7 January 2025
Budget Scrutiny 2025-26

Alison Irvine

Alison Irvine

Chief Executive

19 September 2025



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 2025 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. 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 2024/25 Government Financial Reporting Manual (the 2024/25 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 2025 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 2024/25 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. 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 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

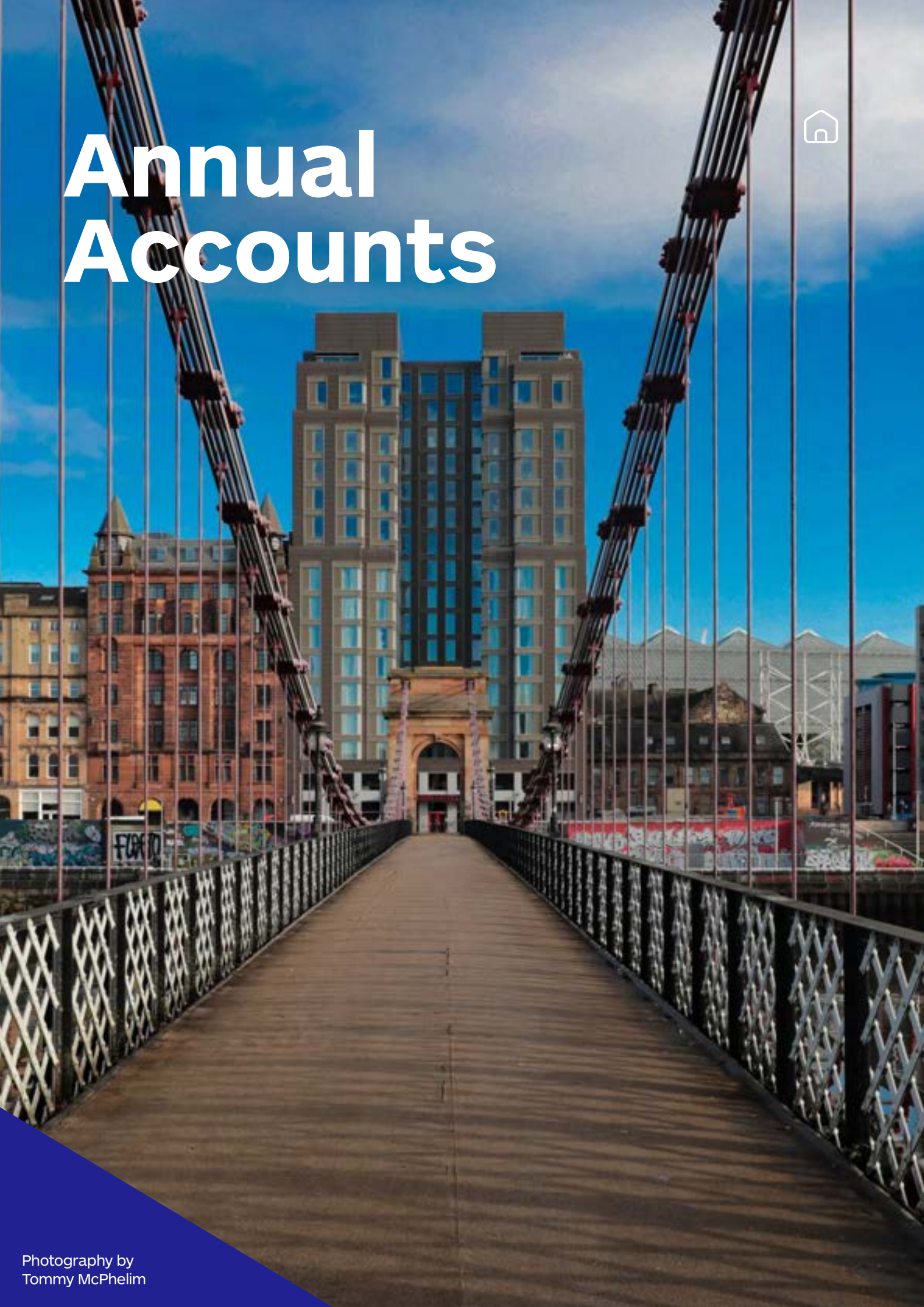
In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

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
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT
19 September 2025



Annual Accounts





Annual Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

	Note	£'000 Staff Costs	£'000 Other Costs	£'000 Income	2024-25 £'000 Total	2023-24 £'000 Total
Administration costs						
Staff costs	2	17,782	354		18,136	16,122
Other administration costs	3		3,814		3,814	10,398
Total administration costs					21,950	26,520
Programme costs						
Staff costs	2	19,790	394		20,184	17,971
Other programme costs	4		3,136,949		3,136,949	3,001,906
Income	5			(12,243)	(12,243)	(13,615)
Total programme costs					3,144,890	3,006,263
Total		37,572	3,141,512	(12,243)	3,166,841	3,032,783
Net operating costs for the year ended 31st March 2025					3,166,841	3,032,783

Other Comprehensive Net Expenditure

	Note	2024-25 £'000 Total	2023-24 £'000 Total
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on:			
-revaluation of property, plant, and equipment	6	(196,416)	(379,290)
-revaluation of intangibles			
		(196,416)	(379,290)
Items that may be reclassified subsequently to net operating costs:			
Net (gain)/loss on:			
-revaluation of assets held for sale	8	-	-
Total comprehensive net expenditure for the year ended 31 March 2025		2,970,425	2,653,494



Statement of Financial Position as at 31 March 2025

	Note	£'000	31 March 2025 £'000	£'000	31 March 2024 £'000
Non-current assets					
Property, plant & equipment	6	27,755,102		27,952,298	
Right of Use Asset	7	26,967		28,587	
Intangible assets	8	-		69	
Financial assets	9	464,261		406,536	
Other receivables	10	25,621		30,000	
Total non-current assets			28,271,950		28,417,490
Current assets					
Financial assets	9	26,802		15,009	
Trade and other receivables	10	128,530		100,518	
Cash & cash equivalents			15	-	
Total current assets			155,348		115,527
Total assets			28,427,297		28,533,017
Current liabilities					
Trade and other payables incl IFRS 16 leases	11	(283,963)		(302,808)	
Provisions	12	(10,128)		(11,491)	
Total current liabilities			(294,091)		(314,298)
Total assets less current liabilities			28,133,206		28,218,719
Non-current liabilities					
Other payables and financial liabilities incl IFRS 16 leases	11	(975,154)		(1,018,894)	
Provisions	12	(8,948)		(4,743)	
Total non-current liabilities			(984,103)		(1,023,635)
Assets less liabilities			27,149,103		27,195,083
Taxpayers' equity					
General fund	SoCTE		12,187,205		12,471,914
Revaluation reserve	SoCTE		14,961,898		14,723,169
Total taxpayers' equity			27,149,103		27,195,083

The notes on pages 103-149 form part of these accounts.

Alison Irvine

Alison Irvine

Chief Executive

The Accountable Officer authorised these financial statements for issue on 19 September 2025.



Statement of Cash Flows for the year ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
(A) Cash flows from operating activities			
Net operating cost	SoCNE	(3,166,841)	(3,032,783)
Adjustments for non-cash transactions	3/4	82,758	169,786
Decrease/(increase) in trade and other receivables	13	(23,633)	14,965
Adjustment for the revaluation element of assets held for sale	8	-	-
Increase/(decrease) in trade and other payables	13	16,368	(15,825)
Increase/(decrease) in provisions	13	2,844	(18,645)
Adjustment for interest element of PFI contracts	4	73,517	74,962
Net cash outflow from operating activities		(3,014,988)	(2,807,541)
(B) Cash flows from investing activities			
Purchase of property, plant and equipment	6	(215,787)	(138,217)
Acquisition of Right of Use Asset	6a	-	(2,231)
Purchase of Intangible Asset	8	-	(69)
Transfers (note 6 transfer line)	6	-	-
True Disposal of property, plant and equipment	6	-	-
Investment Balance Adjustment to General Fund	SoCTE	-	(942)
Increase/(decrease) in capital accruals	13	(36,085)	40,772
Increase/(decrease) in Voted loans and Other Funds	9	(69,519)	(63,586)
Net cash outflow from investing activities		(321,390)	(164,273)
(C) Cash flows from financing activities			
Funding from the Scottish Government	SoCTE	3,452,777	3,153,129
Inter Entity transfers	SoCTE	-	(65,718)
Inter Entity Adjustment		-	-
Capital element of payments On Balance Sheet PFI contracts	13	(41,885)	(40,806)
Capital element of payments – IFRS 16 Finance Leases	13	(982)	173
Interest element of PFI contracts	4	(73,517)	(74,962)
Net Financing		3,336,393	2,971,816
Net increase/(decrease) in cash and cash equivalents in the period		15	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		15	-



Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2023		12,547,612	14,264,647	26,812,259
Changes in taxpayers' equity for 2023-24				
Net gain/(loss) on revaluation of property, plant and equipment	6	-	379,290	379,290
Financial assets adjustments	9	(942)	-	(942)
Roads trunkings/de-trunkings	6	-	-	-
Roads historic value adjustment	6	(50,352)	-	(50,352)
Realised element of the revaluation reserve		(79,232)	79,232	-
Inter-Entity transfers		(65,718)	-	(65,718)
Impact of adopting IFRS 16	6a	-	-	-
Non-cash charges – auditors remuneration	3	202	-	202
Net operating costs for the year	SoCNE	(3,032,784)	-	(3,032,784)
Total recognised income and expense for 2023-24		(3,228,826)	458,522	(2,770,304)
Funding from Scottish Government		3,153,129	-	3,153,129
Balance at 31st March 2024		12,471,914	14,723,169	27,195,083
Changes in taxpayers' equity for 2024-25				
Net gain/(loss) on revaluation of property, plant and equipment	6		(196,416)	(196,416)
Financial asset adjustment		-	-	-
Roads trunkings/de-trunkings	6	-	-	-
Roads historic value adjustment	6	(135,500)	-	(135,500)
Transfers to Scottish Government		-	-	-
Realised element of the revaluation reserve	6	(435,145)	435,145	-
Impact of adopting IFRS 16	6a	-	-	-
Non-cash charges – auditors remuneration	3	206	-	206
Net operating costs for the year	SoCNE	(3,167,046)	-	(3,167,046)
Total recognised income and expense for 2024-25		(3,737,485)	238,728	(3,498,757)
Funding from Scottish Government		3,452,777	-	3,452,777
Balance at 31st March 2025		12,187,206	14,961,897	27,149,103



Notes to the accounts

The financial statements for the year ended 31 March 2025 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 (FReM).

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 1.22.

1. Statement of accounting policies

The financial statements have been prepared on a going concern basis and in accordance with the 2024-25 Government Financial Reporting Manual (FReM) 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 S1 and IFRS S2. Para 5.4.15 of the FReM explains that Scottish Bodies should report in accordance with guidance from the Scottish Government and the Task Force of Climate – related Financial Disclosures (TCFD) requirements do not apply in 2024-25.
- IAS 37 Disclosure of remote contingent liabilities. There are no known contingent liabilities that are considered too remote to Transport Scotland that have not been disclosed in Note 19.
- IFRS 17- Insurance Contracts. IFRS 17 replaces the previous standards on insurance contracts, IFRS 4. Under the IFRS 17 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. The Standard will be adapted and interpreted for the public sector context. One major difference from the private sector is that the implementation of IFRS 17 has been delayed from 1 January 2023 (its effective date in the private sector). HM Treasury have used application guidance for IFRS 17, which states that the date of initial application is 1 April 2025. The impact of IFRS 17 has not yet been determined but this will be assessed when further implementation guidance is forthcoming from HM Treasury.



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. 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 roads, 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:

- For Road Pavement, Structures and Communications we uplift rates using the Price Adjustment Formulae Indices published by Building Cost Information Service (BCIS). We have a bespoke model for re-basing these rates which combines fourteen

individual indices to produce a single Baxter figure used for uplifts on a quarterly basis. The weightings used in this model are regularly reviewed by professional advisors and are deemed to be still representative of current construction practices.

- Land – Land indices produced by VOA

Upwards movements in value are added to the revaluation reserve. Downward movements in value are off set against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Statement of Comprehensive Net Expenditure. The values in our 2023-24 annual accounts reflected a closing Baxter Index of 3113.19. The values in the 2024-25 annual accounts reflect the average January, February and March 2025 provisional Baxter indices run on 23rd April which is the latest indices data available. We also adjust the revaluation reserve annually to ensure that the values in our accounting system and RAAVS are aligned. This takes into consideration the differences between the actual costs captured for assets under construction in our accounting system versus the unit rates used to value assets added to the network in RAAVS.

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 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.

Information technology

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

1.5 Depreciation

Infrastructure assets

The road network 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
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 made up of two components.

- Capitalised Maintenance Depreciation. The valuation of the road network is calculated based upon condition surveys. Capitalised

Maintenance schemes are performed to ensure that the condition of the road network is maintained at a steady state. Capitalised Maintenance schemes are not treated for accounting purposes as having an impact on the valuation of the road network because any related improvement in road condition will be reflected within the surveys. On this basis, we depreciate 100% of Capitalised Maintenance expenditure in the year that it is incurred and account for the charge in net expenditure.

- Condition Depreciation. The annual condition depreciation charge for the road surface is determined by the annual condition variance. This information is provided by AtkinsRealis 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 Right of use assets and leases

For government bodies reporting under the FReM, IFRS 16 Leases was implemented from 1 April 2022; this introduced 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. 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, and 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.



1.7 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.

1.8 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.

1.9 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. Shares held in public sector bodies are valued at historic cost (less transaction costs) in the absence of an active market.

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.

1.10 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.

1.11 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).

1.12 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.

1.13 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.



1.14 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.

1.15 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.

1.16 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.

1.17 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).

1.18 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.

1.19 Value added tax (VAT)

In line with revised guidance issued by Scottish Government, following the transition to Oracle, Transport Scotland is now required to account for VAT. Previously, VAT was accounted for centrally on behalf of Transport Scotland by the Scottish Government.



Expenditure in the Statement of Comprehensive Net Expenditure is reported inclusive of irrecoverable VAT. Where VAT is recoverable amounts are presented net of VAT. This represents a change in accounting policy. The effect of the change is that VAT balances (recoverable and payable) are now recognised on the Statement of Financial Position.

1.20 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.

1.21 Employee benefits

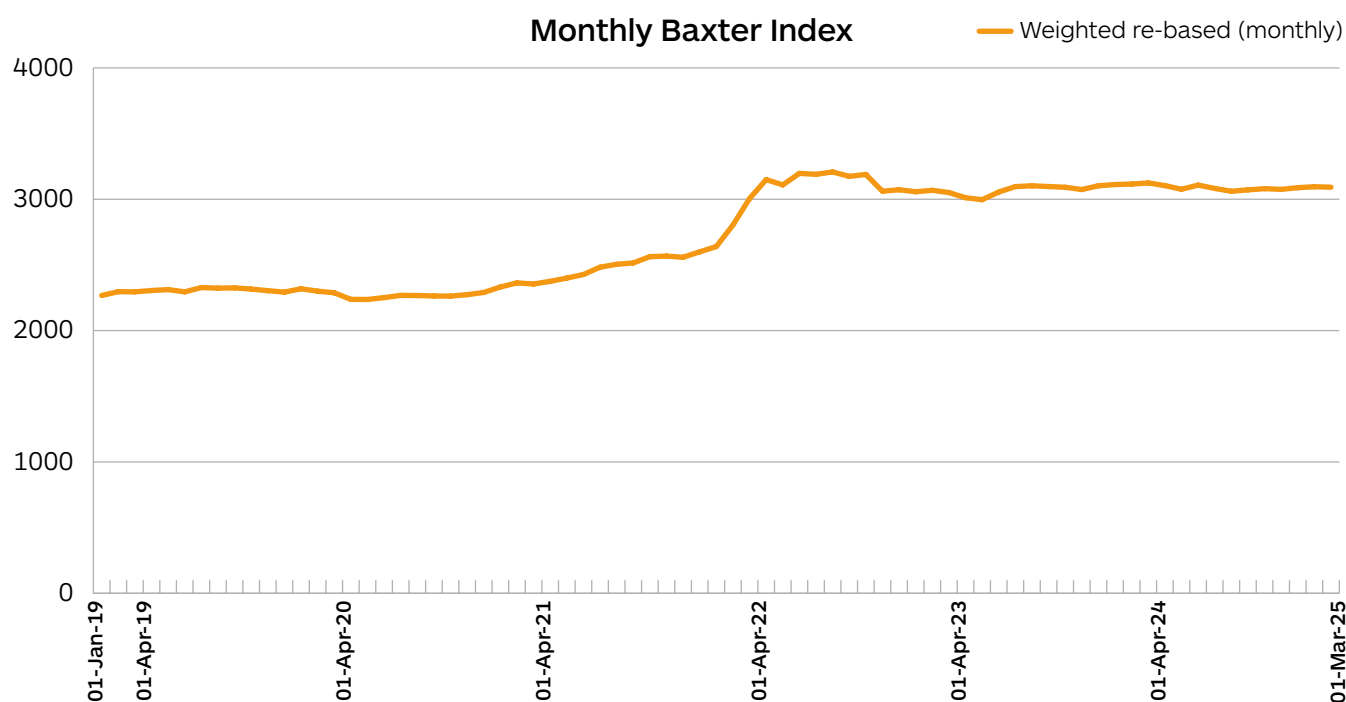
A short-term liability and expense is recognised for holiday days, holiday pay, bonuses, and other short-term benefits when employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for leave earned but not taken.

1.22 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. This model is currently provided by AtkinsRealis 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. The valuation contains multiple areas of judgement and estimation uncertainty due to the inherent complexity of the data required to inform the Roads valuation methodology. This includes, asset volumes, costing rates, indexations and assumptions as well the complexity of the overall methodology. The Indices used for the 2025 End of Year valuation is the average of January, February and March 2025 provisional figures run on 23rd April with the latest data available indices for the respective 3 months. The valuation is sensitive to these indices and a 1.8% movement would result in a material movement of £606 million. The below table shows the monthly movement to the Indices applied:



- **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 judgments are required to be made when determining final accruals.

2. Staff 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 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. 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:



	2024-25 Permanently Employed Staff £'000	Others £'000	Total £'000	2023-24 Permanently Employed Staff £'000	Others £'000	Total £'000
Administration:						
Wages and salaries costs	12,827	354	13,181	11,240	403	11,643
Social security costs	1,460		1,460	1,295		1,295
Other pension costs	3,495		3,495	3,184		3,184
Early retirement costs	-		-	-		-
	17,782	354	18,136	15,719	403	16,122
Programme:						
Wages and salaries costs	14,275	394	14,669	12,613	478	13,091
Social security costs	1,625		1,625	1,444		1,444
Other pension costs	3,890		3,890	3,437		3,437
Early retirement costs	-		-	-		-
	19,790	394	20,184	17,494	478	17,972
Total staff costs to be charged to Comprehensive Net Expenditure	37,572	748	38,321	33,213	881	34,094
Capitalised Programme:						
Wages and salaries costs	3,149	300	3,448	3,917	42	3,959
Social security costs	360		360	296		296
Other pension costs	900		900	723		723
Running Costs	-		-	121		121
	4,408	300	4,707	5,057	42	5,099
Total staff costs charged to capital expenditure	4,408	300	4,707	5,057	42	5,099
Total Staff Costs	41,980	1,048	43,028	38,270	923	39,193



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 2020. 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

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 2024-25, employers' contributions of £8.3m million (2023-24, £7.3 million) 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 2023-24 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.



3. Other administration costs

	Note	2024-25 £'000	2023-24 £'000
Rentals under operating leases		19	312
Accommodation ¹		(146)	1,175
Office costs and supplies		1,618	1,709
Hospitality		12	13
Travel		151	263
Training		49	77
Consultancy		285	216
Loan Impairments		-	3,691
Programme Running Costs		-	678
Non-cash items			
Depreciation	6/7	1,620	2,062
Auditors' remuneration and expenses – external	22	206	202
Total administration costs		3,814	10,398

1 In 24/25, Transport Scotland entered into a sublease agreement for part for the occupancy of the Bothwell Street office. The sublease income is reflected in Accommodation Costs.



4. Programme costs

	Note	2024-25 £'000	2023-24 £'000
Other programme expenditure			
Roads			
Capital maintenance		215,392	171,266
Current maintenance		183,709	158,699
PFI interest charges		73,517	74,962
PFI service charges		29,424	25,905
Rail			
Rail services*		818,572	749,106
Rail infrastructure**		465,133	418,406
Other		480	1,382
Concessionary travel			
Smartcard applications		3,181	1,899
Concessionary travel schemes		397,543	355,610
Other public transport			
Major public transport projects – rail***		178,934	178,350
Transport information		370	527
Ferry services		334,421	337,624
Air services		75,045	68,872
Bus services		44,142	32,277
Other transport directorate programmes		45,742	58,808
Low Carbon and Active Travel		157,919	118,820
Central Government grants to Local Authorities		41,763	90,863
Resource AME Transactions (EST Loans Only)		(10,725)	(8,992)
Non-cash items			
Depreciation	6/7	82,388	167,522
Total other programme costs		3,136,949	3,001,906

* Cash Grant in Aid Payments to Scottish Rail Holdings totalling £833 million

** Rail Infrastructure in Scotland Payment of £465 million was paid directly to Network Rail

*** Rail Infrastructure Improvement grant of £167 million 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.
- 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-imbursement from local authorities for work done.

	2024-25 £'000	2023-24 £'000
Programme income		
Interest receivable – loans	(12,083)	(9,017)
Rental income – land & properties	(60)	(30)
Other income	-	-
European Structural Fund (ESF) income	(101)	(3,452)
Ports income	-	(4)
Dividends	-	-
Profit on disposal of land	-	(1,111)
Total operating income	(12,243)	(13,614)



6. Property, Plant, and Equipment

2024-25	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
Cost or Valuation								
At 1st April 2024	33,854,756	6,198	8,959	135	-	-	515,876	34,385,923
Detrunings	-	-	-	-	-	-	-	-
Additions	144,057	-	-	-	-	2,755	68,975	215,787
Disposals	-	-	-	-	-	-	-	-
Revaluation	(383,351)	-	-	-	-	-	-	(383,351)
Historic valuation adjustments	(165,742)	-	-	-	-	-	-	(165,742)
Transfers and reclassifications	-	-	-	-	-	-	-	-
Transfers (to)/ from assets held for sale	39,351	-	-	-	-	-	(39,351)	-
Balance at 31 March 2025	33,489,071	6,198	8,959	135	-	2,755	545,499	34,052,616



2024-25	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 2024	6,431,233	-	2,256	135	-	-	-	6,433,624
Detrunckings	-	-	-	-	-	-	-	-
Charge for the year	81,909	-	479	-	-	-	-	82,388
Disposals	-	-	-	-	-	-	-	-
Revaluation	(186,936)	-	-	-	-	-	-	(186,936)
Current valuation adjustments	-	-	-	-	-	-	-	-
Historic valuation adjustments	(31,562)	-	-	-	-	-	-	(31,562)
Transfers and reclassifications	-	-	-	-	-	-	-	-
Balance at 31 March 2025	6,294,645	-	2,735	135	-	-	-	6,297,515

Net Book Value at 31 March 2025	27,194,426	6,198	6,224	-	-	2,755	545,499	27,755,102
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Net Book Value at 31 March 2024	27,423,523	6,198	6,703	-	-	-	515,875	27,952,298
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Asset Financing

Owned	23,309,040	6,198	6,224	-	-	2,755	542,872	23,867,089
Finance-Leased	-	-	-	-	-	-	-	-
On Balance Sheet PFI	3,885,386	-	-	-	-	-	2,627	3,888,013
Donated	-	-	-	-	-	-	-	-
Net Book Value at 31 March 2025	27,194,426	6,198	6,224	-	-	2,755	545,499	27,755,102



2023-24	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
Cost or Valuation								
At 1st April 2023	33,399,065	6,198	12,775	135	4,608	1,508	493,311	33,917,601
Detrunings	-	-	-	-	-	-	-	-
Additions	61,544	-	-	-	-	-	76,673	138,217
Disposals	-	-	(3,817)	-	(4,608)	(1,508)	-	(9,933)
Revaluation	407,474	-	-	-	-	-	-	407,474
Current valuation adjustments	-	-	-	-	-	-	-	-
Historic valuation adjustments	(67,436)	-	-	-	-	-	-	(67,436)
Transfers and reclassifications	-	-	-	-	-	-	-	-
Transfers (to)/from assets held for sale	54,110	-	-	-	-	-	(54,110)	-
Balance at 31 March 2024	33,854,756	6,198	8,959	135	-	-	515,875	34,385,922



2023-24	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 2023	6,252,611	-	5,594	131	4,608	1,508	-	6,264,452
Detrunings	-	-	-	-	-	-	-	-
Charge for the year	167,522	-	479	4	-	-	-	168,005
Disposals	-	-	(3,817)	-	(4,608)	(1,508)	-	(9,933)
Revaluation	28,185	-	-	-	-	-	-	28,185
Current valuation adjustments	-	-	-	-	-	-	-	-
Historic valuation adjustments	(17,084)	-	-	-	-	-	-	(17,084)
Transfers and reclassifications	-	-	-	-	-	-	-	-
Balance at 31 March 2024	6,431,233	-	2,256	135	-	-	-	6,433,624

Net Book Value at 31 March 2024	27,423,523	6,198	6,703	-	-	-	515,875	27,952,298
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Net Book Value at 31 March 2023	27,146,454	6,198	7,181	4	-	-	493,311	27,653,149
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2023-24	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
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Asset Financing								
Owned	23,488,938	6,198	6,703	-	-	-	515,875	24,017,714
Finance-Leased	-	-	-	-	-	-	-	-
On Balance Sheet PFI	3,934,585	-	-	-	-	-	-	3,934,585
Donated	-	-	-	-	-	-	-	-
Net Book Value at 31 March 2023	27,423,523	6,198	6,703	-	-	-	515,875	27,952,298

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 (de-trunking), with the corresponding entry flowing through the general fund.

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.



7. Right of use assets

	2024-25 Total £000
Cost or Valuation Balance as at 1 April 2024	30,639
Additions	-
Disposals	-
At 31 March 2025	30,639

Depreciation Balance as at 1 April 2024	2,053
Charged in year	1,620
Disposals	-
At 31 March 2025	3,672
Net Book Value	26,967

Analysis of asset financing:	
Owned	
Finance-Leased	26,967
Net book value	26,967

	2023-24 Total £000
Cost or Valuation Balance at 01 April 2023	28,409
Additions	2,231
Disposals	-
At 31 March 2024	30,640

Depreciation Balance at 01 April 2023	473
Charged in year	1,580
Disposals	-
At 31 March 2024	2,053
Net book value	28,587

Analysis of asset financing:	
Owned	0
Finance-Leased	28,587
Net book value	28,587



7b Lease Liabilities

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Within one year	1,281	1,255
Between 2 and 5 years	5,126	3,252
After 5 years	25,905	28,452
Less accrued interest	(3,461)	(3,734)
Total	28,851	29,225

8. 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.

	2024-25 £'000	2023-24 £'000
At replacement cost or valuation		
At 1 April	69	-
Additions		69
Disposals	(69)	
Balance at 31 March	-	69
Accumulated amortisation		
At 1 April	-	-
Charge for the year	-	-
Revaluations	-	-
Disposals	-	-
Balance at 31 March	-	-
Net Book Value at 31 March	-	69



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 2025, 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) and Scottish Rail Holdings Ltd (SRH).

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
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.



2024-25	Interests in Nationalised Industries & Limited Companies £'000	Voted Loans £'000	Other Funds £'000	Total Reserves £'000
Balance at 1st April 2024	20,550	255,882	145,114	421,545
Add element reported within current assets				
Advances and repayments				
Cash advances	-	108,456	387	108,844
Transfers	-	-	-	0
Repayments	-	(10,144)	(47,438)	(57,582)
Less				
Discounting of EST loans	-	-	8,793	8,793
Write-off of Financial Transaction			-	
Expected credit loss	-	-	-	-
Effective Interest Receivable		7,478	1,987	9,465
Balance at 31 March 2025	20,550	361,671	108,843	491,063
Loans repayable within 12 months transferred to current assets	-	14,239	12,563	26,802
Loans repayable after 12 months non current assets	20,550	347,432	96,279	464,261
Balance at 31 March 2025	20,550	361,671	108,843	491,063



	Interests in Nationalised Industries & Limited Companies £'000	Voted Loans £'000	Other Funds £'000	Total Reserves £'000
2023-24				
Balance at 1st April 2023	20,550	196,085	141,324	357,959
Add element reported within current assets				
Advances and repayments	-	63,264	656	63,920
Cash advances	-	-	-	-
Transfers	-	(9,058)	(2,167)	(11,225)
Repayments	-	-	(322)	(322)
Write off EST Loans	-	-	(322)	(322)
Expected Credit Loss	-	-	(3,369)	(3,369)
Discounting of EST loans	-	-	6,018	6,018
Effective Interest Receivable	-	5,591	2,974	8,565
Balance at 31 March 2024	20,550	255,882	145,114	421,545

Loans repayable within 12 months in Current Assets	-	9,207	5,803	15,009
Loans repayable after 12 months transferred to non current assets	20,550	246,675	139,311	406,536
Balance at 31 March 2024	20,550	255,882	145,114	421,545

	Scottish Rail Holdings Ltd £m	Highlands & Islands Airports Ltd £m	Caledonian Maritime Assets Ltd £m	David MacBrayne Ltd £m
Net assets/(liabilities) as at 31 March 2025	(27.0)	163.5	176.7	51.0
Turnover	417.3	31.7	53.4	328.9
Profit/(loss) for the financial year	(821.1)	(34.9)	(5.2)	5.4

*Results for SRH, Highland & Island Airports Ltd, Caledonian Maritime Assets Ltd and David MacBrayne Ltd are draft and subject to audit with final accounts to be published.



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.

Scottish Rail Holdings Limited (SRH)

Scottish Ministers are the sole shareholder of SRH. SRH is the holding company of ScotRail Trains Limited (SRT), which took over the operation of ScotRail services on 1 April 2022 and Caledonian Sleeper Limited (CSL), which

took over the operation of Caledonian Sleeper services on 25 June 2023. SRH is responsible for providing oversight and managing the provision of SRT and CSL rail passenger services under the terms of their Grant Agreements.

Voted Loans

These represent loans that Transport Scotland provides to CMAL for the procurement of new shipping.

Other funds

These represent loans that Transport Scotland provides to the Energy Savings Trust to fund energy efficient transport initiatives and to HIAL to renew and improve commercial airport infrastructure.

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.

	As at 31/03/25 £'000	As at 31/03/24 £'000
10a Analysis by classification		
Amounts falling due within one year:		
Trade and other receivables		
Trade and other receivables	3,728	6
VAT	29,979	-
Damage claims	1,876	1,783
Prepayments and accrued income	92,948	98,729
	128,530	100,518

Amounts falling due after more than one year:		
Prepayments and other receivables	25,621	30,000
	25,621	30,000

	As at 31/03/25 £'000	As at 31/03/24 £'000
10b Intra-Government balances		
Amounts falling due within one year:		
Intra-Government balances		
Other Central Government bodies	56,353	49,945
Local Authorities	1,771	23
Public corporations and trading funds	85	6,920
	58,209	56,888

Balances with bodies external to Government	70,321	43,630
Total receivables	128,530	100,518

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

Balances with bodies external to Government	25,621	30,000
Total receivables	25,621	30,000



11. Trade payables and other liabilities

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

	As at 31/03/25 £'000	As at 31/03/24 £'000
11a Analysis by classification		
Amounts falling due within one year:		
Trade and other payables		
Trade payables	7,609	19,725
Accruals	229,763	206,961
Other payables	2,742	33,171
Financial liabilities – IFRS 16 Leases	553	982
Financial liabilities – PFI	43,187	41,885
Deferred income	110	83
	283,963	302,808
Amounts falling due after more than one year:		
Other payables	292	292
Financial liabilities – IFRS 16 Leases	27,157	27,710
Financial liabilities – PFI	947,705	990,892
	975,154	1,018,894



	As at 31/03/25 £'000	As at 31/03/24 £'000
11b Intra-Government balances		
Amounts falling due within one year: Intra-Government balances		
Other Central Government bodies	5,760	3,946
Local Authorities & Health Boards	33,418	64,910
Public corporations and trading funds	40,776	50,916
	79,954	119,772
Balances with bodies external to Government	204,009	183,036
Total payables	283,963	302,808
Amounts falling due after more than one year: Intra-Government balances		
Other Central Government bodies	-	-
Local Authorities & Health Boards	-	-
Public corporations and trading funds	-	-
	-	-
Balances with bodies external to Government	975,154	1,018,894
Total payables	975,154	1,018,894



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 bi-annually.

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
2024-25				
Balance as at 1 April 2024	11,491	3,558	1,183	16,233
Provided in year	8,472	231		8,704
Provisions not required written back	(2,428)	(2,131)		(4,559)
Provisions utilised in year	(641)	(659)		(1,300)
Discount amortised				-
Balance as at 31 March 2025	16,893	1,000	1,183	19,077
2023-24				
Balance as at 1st April 2023	25,065	3,270	6,543	34,878
Provided in year	4,283	2,600	1,813	8,696
Provisions not required written back	(4,346)	(255)	(6,522)	(11,123)
Provisions utilised in year	(13,083)	(2,034)	(16)	(15,134)
Discount amortised	(428)	(22)	(635)	(1,085)
Balance as at 31 March 2024	11,491	3,558	1,183	16,233

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 2026	9,128	1,000		10,128
Between 2026 and 2029	3,717		1,183	4,900
Between 2029 and 2034	4,048			4,048
Thereafter				-
Balance as at 31 March 2025	16,893	1,000	1,183	19,077
In the remainder of the period to 2023	7,790	3,281	420	11,491
Between 2024 and 2027	3,701	288	754	4,743
Between 2026 and 2030	-	-	-	-
Thereafter	-	-	-	-
Balance as at 31 March 2024	11,491	3,569	1,174	16,233



13. Movement on working capital balances

	Note	As at 31/03/25 £'000	As at 31/03/24 £'000	2024-25 Net Movement £'000	2023-24 Net Movement £'000
Receivables					
Due within one year	10	128,530	100,518	(28,012)	9,965
Due after more than one year	10	25,621	30,000	4,379	5,000
Net (increase)/decrease		154,151	130,518	(23,633)	14,965
Payables					
Due within one year	11	283,963	302,808	(18,845)	26,750
Due after more than one year	11	975,154	1,018,894	(43,739)	(42,437)
		1,259,117	1,321,702	(62,584)	(15,687)
Less: IFRS 16 Liabilities included in above	11	27,710	28,692	(982)	173
Less: PFI creditors included in above	11	990,892	1,032,777	(41,885)	(40,806)
Less: Capital accruals included in the above		(66,054)	(29,969)	(36,085)	40,772
Net increase/(decrease)		306,569	290,201	16,368	(15,825)
Provisions	12	19,077	16,233	2,844	(18,645)
Net increase/(decrease)		19,077	16,233	2,844	(18,645)
Net movement increase/(decrease)		479,797	436,952	42,845	(49,435)



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	
Transport Scotland Directorates				
Major Projects	92,470	123,693	-	216,163
Road	26,290	11,508	-	37,798
Bus Accessibility and Active Travel	1,192	3,721	4,000	8,913
Total contracted capital commitments for which no provision has been made	119,952	138,922	4,000	262,874

15. Commitments under IFRS 16 leases

No Commitments of low value/less than 12 months Operating Lease exited as at 31 March 2025.

Commitments for Low value/less than 12 month Operating Leases

	As at 31 March 2025 £000s	As at 31 March 2024 £000s
Land and Buildings		
Within one year	-	-
Within two to five years (inclusive)	-	-
After five years	-	-
Total	-	-

Split of costs

	As at 31 March 2025 £000s	As at 31 March 2024 £000s
Land and Buildings		
Rental Costs – Operating Leases		
Operating Lease Rentals	-	-
Total Rental Costs	-	-



Commitments for Finance Leases also shown as Right of Use Assets

	As at 31 March 2025 £000s	As at 31 March 2024 £000s
Land and Buildings		
Obligations under finance leases		
The total future lease payments under finance leases		
Total lease payments due within one year	553	982
Total lease payments due between 1 and 5 years	2,263	2,242
Total lease payments due thereafter	24,893	25,468
Sub-total	27,709	28,692
Less interest element	3,461	3,734
Present Value of Obligations under finance lease	24,248	24,958

	As at 31 March 2025 £000s	As at 31 March 2024 £000s
Land and Buildings		
Obligations under finance leases		
The total future lease payments under finance leases		
Total lease payments due within one year	292	710
Total lease payments due between 1 and 5 years	1,274	1,232
Total lease payments due thereafter	22,682	23,017
Present Value of Obligations under finance lease	24,248	24,958



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 18km 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 31/03/25 £'000	As at 31/03/24 £'000	As at 31/03/23 £'000
Imputed finance lease obligations under PFI contracts comprise:			
Rentals due within 1 year	115,417	115,402	115,768
Rentals due within 2 to 5 years	400,337	418,056	439,375
Rentals due thereafter	1,273,343	1,371,040	1,465,123
	1,789,096	1,904,498	2,020,266
Less: Interest element (finance cost)	(798,204)	(871,721)	(946,683)
Total capital cost	990,892	1,032,777	1,073,583

	As at 31/03/24 £'000	As at 31/03/23 £'000	As at 31/03/22 £'000
Imputed service charge obligations under PFI contracts comprise:			
Service charge due within 1 year	34,221	33,585	29,846
Service charge due within 2 to 5 years	185,291	175,572	161,036
Service charge due thereafter	935,721	981,184	1,029,306
Total service charge	1,155,233	1,190,342	1,220,188



17. Other Financial Commitments

	Value of Commitment Payable			Total £'000
	In 1 Year £'000	2-5 Years £'000	> 5 years £'000	
Transport Scotland Directorate				
Rail	1,415,995	5,736,436	1,369,283	8,521,714
Active Travel	2,387	8,336	5,995	16,718
Air	9,115	13,079	-	22,194
Ferries	159,850	93,420	-	253,270
Road	739	1,712	1,598	4,050
Total	1,588,086	5,852,983	1,376,876	8,817,946

Rail

The table above takes into consideration that 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 Determination for CP7 is included in the table above.

Transport Scotland subsidised three rail operators that provided services in Scotland. These were: ScotRail Trains Ltd (SRT) and

Caledonian Sleeper Ltd (CSL) as wholly owned subsidiaries of Scottish Rail Holdings Ltd (SRH), a company wholly owned by Scottish Ministers; and First TransPennine Express Limited (Cross Border Services) via a service level agreement to serve East Linton and Reston train stations (agreement end date 1 June 2024). The total amount charged to the Statement of Comprehensive Net Expenditure reflects the grants paid to Network Rail for Operation, Maintenance and Renewal (OMR) and enhancements, Cash Grant In Aid payments for SRH and subsidy payments for Cross Border Services. This is summarised below:

	2024-25 £'000	2023-24 £'000
Network Rail OMR	465,133	418,406
Network Rail Infrastructure Improvement Grant	166,537	167,200
Scottish Rail Holdings	818,572	765,486
Serco Caledonian Sleeper Limited (2023-24) & Cross Border Services (2024-25)	123	7,467
Total	1,450,365	1,358,559



Active Travel

The table above includes:

- contractual arrangements for the provision of Digital Travel Data Services (DTDS), which supply real-time and planned travel information to support operational decision-making, public communications, and data integration. These services are essential for delivering accurate, timely travel data across multiple modes of transport, enhancing network resilience and customer experience. The overall aim of the DTDS project is to make public transport journey planning information easier and more accessible for everyone. Building on the legacy [Traveline Scotland website](#) and app services the travelling public in Scotland have used for many years, the DTDS project developed and launched the new-look website and app services in September 2024, followed by the first iteration of enhancements in April 2025.
- a managed service agreement in place for the Euclid Reimbursement System, which administers and processes concessionary travel scheme reimbursements to operators. The service includes system hosting, maintenance, user support, and ongoing software enhancements to ensure compliance.

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) was from October 2016 to October 2024 and is provided by CalMac Ferries Ltd. We made arrangements to extend the existing CHFS contract for 12 months and progress arrangements for the direct award of the CHFS3 contract from 1 October 2025. Due diligence work on the direct award of the Clyde and Hebrides Ferry Service (CHFS) 3 contract has been completed and the Cabinet Secretary for Transport announced on 8 May 2025 that Scottish ministers agreed a direct award to Calmac Ferries Limited.

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 2027. 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.

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.

Roads

We provide grant funding to the Scottish Police Authority on an annual basis. This is to ensure the continued operation of the Scottish Safety Camera Programme.



18. Financial Instruments

	Note	Total Financial Assets at Amortised Cost £'000	Total £'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable		485,740	485,740
Balance as at 31 March 2025		485,740	485,740
	Note	Other Financial Liabilities £'000	Total £'000
Liabilities per Statement of Financial Position			
PFI & IFRS 16 liabilities	15, 16	1,019,584	1,019,584
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)		193,794	193,794
Balance as at 31 March 2025		1,213,378	1,213,378

18a Financial Instruments by Category

	Note	Total Financial Assets at Amortised Cost £'000	Total £'000
2023-24			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable		444,678	444,678
Balance as at 31 March 2024		444,678	444,678
	Note	Other Financial Liabilities £'000	Total £'000
2023-24			
Liabilities per Statement of Financial Position			
PFI & IFRS 16 liabilities	16	1,061,469	1,061,469
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)		260,232	260,232
Balance as at 31 March 2024		1,321,702	1,321,702



18b. Financial Risk Factors

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	5-10 years £'000	>10 years £'000
2024-25						
Non-derivative liabilities	1,019,584	44,169	80,525	129,917	263,418	501,556
Derivative liabilities	-	-	-	-	-	-
Total financial liabilities	1,019,584	44,169	80,525	129,917	263,418	501,556

	Carrying value £'000	0-12 months £'000	1-2 years £'000	3-5 years £'000	5-10 years £'000	>10 years £'000
2023-24						
Non-derivative liabilities	1,061,469	42,867	87,829	118,692	262,864	549,217
Derivative liabilities	-	-	-	-	-	-
Total financial liabilities	1,061,469	42,867	87,829	118,692	262,864	549,217



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 of use to a forestry track as an emergency diversion route on the A83 Rest and be Thankful on the understanding that Transport Scotland 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 and reporting 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:

- 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 specify the future financial obligations that Scottish Ministers will ensure are met to secure availability of the rolling stock. The table below summarises quantifiable contingent liabilities in relation to those guarantees with the amounts disclosed reflecting the highest reasonable estimate of the possible liability in relation to future payments that fall due after the expiry of existing agreements with train operators.

Guarantees in place as at 31 March 2025	£m
Section 54 guarantee for the Caledonian Rail Leasing Limited Class 385 type Rolling Stock until 28 February 2044	200.1
Section 54 guarantee for Eversholt Class 380 type Rolling Stock until 31 December 2040	76.7
Section 54 guarantee for Porterbrook Class 170 Rolling Stock until 31 March 2035	21.4
Section 54 guarantee for Caledonian Rail Sleeper Leasing Limited Mark 5 Rolling Stock until 31 March 2040	33.2
Total	331.4

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. Caledonian Sleeper Grant Agreement expires on 25 June 2033 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 Limited through the Grant and Franchise Agreements.

iii. Other contingent liabilities held by Transport Scotland

- Under the terms of the Clyde and Hebrides Ferry Service contract, Scottish Ministers are responsible for any increased pension costs due under the Calmac Pension Scheme. The valuation of the pension scheme is subject to a tri-ennial review which will determine future funding requirements. However, factors underpinning the valuation are subject to change over time meaning that the adequacy of the funding for the scheme remains uncertain in future years.
- 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 Airport Limited, are unable to pay any sum owed to the pension scheme.



20. Related Parties

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 Highland 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 Ltd and Caledonian Sleeper Ltd are subsidiaries of Scottish Rail Holdings Limited under the statutory Operator of Last Resort arrangements.

Loans were advanced to and repaid by CMAL to fund vessel construction, and to HIAL to support air 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 payments 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

2024-25	Resource £'000	Net Investment £'000	Income £'000	Non Cash £'000	AME £'000	ODEL £'000	Total £'000
Total continuing segments							
Roads	168,814	230,707	-	83,128	2,844	102,941	588,434
Rail	455,257	1,012,295	-	70	-	-	1,467,622
Bus services	445,404	1,510	-	-	-	-	446,914
Other public transport	12,845	-	-	-	-	-	12,845
Ferry services in Scotland	278,762	72,209	(12,083)	-	(15,192)	-	323,696
Air services in Scotland	59,991	14,980	-	-	-	-	74,972
Other transport directorate programmes	46,891	172,874	(161)	1,620	(10,780)	-	210,444
Grants to Local Authorities	41,914	-	-	-	-	-	41,914
	1,509,880	1,504,575	(12,243)	84,817	(23,128)	102,941	3,166,841

2023-24	Resource £'000	Net Investment £'000	Income £'000	Non Cash £'000	AME £'000	ODEL £'000	Total £'000
Total continuing segments							
Roads	151,088	184,400	(1,141)	167,522	(19,226)	100,867	583,510
Rail	393,350	958,000	-	-	-	-	1,351,350
Bus services	392,536	1,044	(389)	-	-	-	393,191
Other public transport	23,780	-	-	2,062	1,690	-	27,532
Ferry services in Scotland	264,914	75,015	(8,168)	-	-	-	331,761
Air services in Scotland	57,753	10,952	-	-	-	-	68,705
Other transport directorate programmes	26,839	130,024	(3,063)	-	-	-	153,800
Scottish Futures Fund	-	24,381	-	-	(8,992)	-	15,389
Grants to Local Authorities	41,732	49,131	-	-	-	-	90,863
	1,351,993	1,432,947	(12,762)	169,584	(26,528)	100,867	3,016,101



21b Business Segments – Capital Expenditure

2024-25	Trunk Road Maintenance £'000	Capital Projects £'000	Other Assets £'000	Voted Loans £'000	Total Capital Expenditure £'000
Total continuing segments					
Roads	144,057	68,975	-	-	213,032
Rail	-	-	-	-	-
Other public transport	-	-	-	-	-
Other transport directorate programmes	2,755	-	-	(47,051)	(44,296)
Ferry, aviation, and other services in Scotland	-	-	-	98,312	98,312
	146,812	68,975	-	51,261	267,049

2023-24	Trunk Road Maintenance £'000	Capital Projects £'000	Other Assets £'000	Voted Loans £'000	Total Capital Expenditure £'000
Total continuing segments					
Roads	61,543	95,586	-	-	157,129
Rail	-	-	-	-	-
Other public transport	-	-	923	-	923
Other transport directorate programmes	-	-	-	(1,511)	(1,511)
Ferry, aviation, and other services in Scotland	-	-	-	54,206	54,206
	61,543	95,586	923	52,695	210,747



22. Notional charges

The following notional charges have been included in the accounts:

	Note	2024-25 £'000	2023-24 £'000
Auditors' remuneration	3	206	202
		206	202

23. Losses and Special Payments

	Number of cases	2024-25 £'000	2023-24 £'000
Total cash losses	19	197	430
Details of cases over £250,000	0	0	0
Including			
- claims abandoned	19	197	430
- 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. These costs are held in a debtor account until the recovery is successful.

24. Events after the reporting period

There are no significant events after the reporting period.



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



**TRANSPORT
SCOTLAND**

CÒMHDHAIL ALBA



Transport Scotland
George House, 36 North Hanover Street,
Glasgow, G1 2AD.
0141 272 7100
info@transport.gov.scot
www.transport.gov.scot

ISBN: 978-1-911672-48-7

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Produced for Transport Scotland by APS Group Scotland

Published by Transport Scotland, September 2025

PPDAS1286102 (09/25)

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