The Audit and Risk Committee met four times over the reporting period on 20 April 2023, 21 August 2023, 3 November 2023, and 22 January 2024. Its members over this period were:

- John Matheson – Chair (attended all meetings)
- Lesley MacLeod – Member (attended all meetings)
- Graeme Dickson – Member (attended all 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, launched in 2023-24, 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.
- **Grant payments:** As a result of in year reviews, Transport Scotland identified improvements that could be made in relation to the monitoring and payments of certain grants. In some instances, the review of evidence provided by grantees was not carried out in line with all of the grant conditions. Transport Scotland have now rectified this and are satisfied that governance arrangements are appropriate.

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 around £770 million was spent on contracts under our management in 2023-24. In line with the Procurement Reform (Scotland) Act 2014, Transport Scotland reports on its strategic direction of its procurement activity for each financial year in support of the Scottish Government's goals. The Strategy for 2023-24 **was published in July 2023** 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 2022-23 and was published in **February 2024**.

- **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 templates as a key part of financial governance and to drive Best Value.
- **Estates Strategy:** Transport Scotland has reduced its estates requirement in terms of overall square footage. Additionally, 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 collaboration and continued sharing of services and resources. This follows a similar arrangement with a separate public body within its interim offices in George House, Glasgow.

Partnership and Collaborative Working

- **Role as a Sponsor:** As an Executive Agency that sponsors other public bodies, Transport Scotland works collaboratively in and partnership with other organisations. This is achieved in part through a Transport Scotland sponsorship network, providing a support and advice network 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**.

Sustainability

- **Fair Fares Review:** Published in March 2024, the **Fair Fares Review** sets out a pathway to a public transport system which is financially sustainable in the long term and which provides affordable, frequent, and integrated services that are responsive to the needs of people and communities across Scotland, improving accessibility to employment, services and activities for lower income households. The Review is a key part of our strategy to develop a sustainable system that drives Best Value.

Fairness and Equality

- **Mobility and Access Committee Scotland (MACS):** This is an independent advisory non-departmental public body sponsored by Transport Scotland, whose members are appointed by the Cabinet Secretary for Transport. MACS considers matters relating to the needs of disabled people in relation to transport and gives advice to Scottish Ministers and Transport Scotland, reflecting the views and lived experience of disabled people and promoting fairness and equality within the transport system.

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.

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

Risk Management Group

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

Risk Review Group

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

Risk appetite

Within 2023-24, the Transport Scotland Risk Appetite Statement was updated. This Statement aligns with the agreed risk appetite for the wider Director General Net Zero Portfolio.

Key risks

Throughout the financial year 2023-24, we have continued to identify and manage organisational risks. The most significant risks identified from the period are outlined below.

- **Commercial:** Clyde and Hebridean Ferry Services Contract
- **Financial:** Staffing budget; 2023-24 Transport Scotland budget management; Future Transport Scotland budgets
- **Operational:** Response to significant incidents; Roads Asset Management
- **Programme/project:** Climate Change Plan
- **Reputational:** Climate Change; Future transport financial sustainability
- **Security:** Cyber Resilience
- **People:** Wellbeing
- **Strategic:** Sponsored Bodies

There are no significant events that have occurred during the reporting period.

Further detail on these risks is included in the performance report pages (40-43).

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

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

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

During the year 2023-24, no incidents relating to personal data were reported to the Information Commissioner's Office (ICO) (2022-23: 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 the transition out of it. This has resulted in many significant new challenges for the public sector. We recognise that the need for heightened controls and robust governance is now greater than ever, so we continue to develop and to review mitigations in relation to potential Procurement and Mandate Fraud, as well as ensuring robust controls across all new ways of working and raising staff awareness.

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

Details of cases of actual or attempted fraud that become known during the financial year are reported within the Fraud Log that is reviewed by the Audit and Risk Committee, together with responses and any further mitigation. There were ten cases of suspected fraud highlighted during the year (2022-23: three). However, these continue to be investigated to ascertain if there is evidence of wrongdoing or malpractice, or if these 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 in our response to:

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

The 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 2023-24 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 three assurance reviews were completed in-year as follows:

- Workforce Planning and Wellbeing – Reasonable Assurance (four medium-priority recommendations)
- Future of Public Transport – Reasonable Assurance (four medium-priority recommendations)
- Sponsorship Governance and Performance Management – Reasonable Assurance (four medium-priority recommendations)

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 2023 as part of their audit of the Annual Report and Accounts 2022-23 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. It should be noted that an Audit Tracker was set up to track progress on this area and details were presented to Audit and Risk Committees throughout the year.

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 2023-24, there were no cases reported under the Whistleblowing Policy within Transport Scotland (2022-23: 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 2024 and up to the date of approval of the Annual Report and Accounts.

Remuneration and Staff Report

Clydeside
by Tommy McPhelim

Remuneration and Staff Report

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

Remuneration report

Remuneration policy

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

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

Performance-based pay awards are based on an assessment of performance against objectives agreed between the individual and line manager at the start of the reporting year. Performance will also have an effect on any bonus element awarded. In line with Scottish Public Sector Pay Policy, there will be no non-consolidated performance payments.

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

Service contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at **Home – Civil Service Commission (independent.gov.uk)**

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

Remuneration group

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

Their remit is to consider:

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

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

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

Directors' remuneration (salary, benefits in kind and pensions)

The single total figure of remuneration, comprising the salary and the value of any bonuses or taxable benefits in kind of the directors for the year 2023-24, along with comparative figures are shown in the table below.

Accrued pension benefits for all directors with one exception are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

Director	Salary £000s		Bonus £000s		Benefits in Kind £000s		Pension Benefits £000s		Total £000s	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Fiona Brown (Interim) (Transport Strategy & Analysis)	**85-90**	75-80	**-**	-	**-**	-		32	**85-90**	110-115
Morna Cannon (Interim) (Low Carbon Economy joined 1 May 2023)	**75-80**	-		-		-		-	**75-80**	-
Gary Cox (Interim) (Aviation, Maritime, Freight & Canals joined 1 May 2023)	**75-80**	-		-		-		-	**75-80**	-
Hugh Gillies (Roads)	**85-90**	85-90	**-**	-	**-**	-		0	**85-90**	80-85
Alison Irvine (Interim Chief Executive)	**100-105**	0-5	**-**	-	**-**	-		1	**100-105**	0-5
Stuart Leggett (Interim) (Roads until 30 September 2023)	**40-45**	80-85	**-**	-	**-**	-		22	**40-45**	105-110
Roddy Macdonald (Ferries)	**85-90**	25-30	**-**	-	**-**	-		0	**85-90**	15-20
Bill Reeve (Rail)	**115-120**	110-115	**-**	-	**-**	-	**12**	0	**130-135**	15-20
Lawrence Shackman (Major Projects)	**85-90**	80-85	**-**	-	**-**	-		16	**85-90**	95-100
Bettina Sizeland (Bus, Accessibility and Active Travel)	**85-90**	85-90	**-**	-	**-**	-		23	**85-90**	105-110
Kerry Twyman (Finance and Corporate Services)	**105-110**	95-100	**-**	-	**-**	-		26	**105-110**	125-130

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.

Morna Cannon moved to the post of interim Director of Low Carbon Economy on 1 May 2023. The £75-80k for year 2023-24 represents salary from 01 May 2023 to 31 March 2024. 2023-24 full year equivalent banding would be £85-£90k.

Gary Cox moved to the post of interim Director of Aviation, Maritime, Freight & Canals on 1 May 2023. The £75k-£80k for year 2023-24 represents salary from 01 May 2023 to 31 March 2024. 2023-24 full year equivalent banding would be £85-£90k.

Stewart Leggett left post as interim Director of Roads on 30 September 2023.

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 2023-24 are as follows:

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

The remuneration of the Transport Scotland external members were as follows.

Name	Title	Fees £000	
		2023-24	2022-23
John Matheson	External Member ARC	5-10	5-10
Graeme Dickson	External Member ARC	0-5	0-5
Lesley Macleod	External Member ARC	0-5	0-5

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

Pay multiples

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

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

The calculations include directly employed staff paid through SG Core payroll and cover both permanent staff and those on fixed term contracts. They also include Agency 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 £115k – £120k (2022-23: £110k – £115k). Please note the below year to year comparisons in relation to the highest-paid director.

- This was 2.4 times (2022-23: 2.5) the median remuneration of the workforce, which was £48,031 (2022-23: £44,765).
- This was 3.2 times (2022-23: 3.4) the 25th percentile of the workforce, which was £37,156 (2022-23 £33,120).
- This was 1.9 times (2022-23: 1.9) the 75th percentile of the workforce, which was £62,969 (2022-23: £57,722).

The Highest-Paid Director pay ratio to all compared ranges has reduced which is attributable to an increase in the pay and benefits of the workforce as a whole. We believe the median pay ratio for 2023-24 is consistent with the pay, reward, and progression policies of the workforce as a whole. These costs relate wholly to salaries and the ratios are in line with the general pay policy. A summary of the information highlighted in the table below.

Pay Ratios							
Year	Midpoint £	Median £	Ratio	25 Percentile £	Ratio	75 Percentile £	Ratio
2023-24	117,500	48,031	2.4	37,156	3.2	62,969	1.9
2022-23	112,500	44,765	2.5	33,120	3.4	57,722	1.9

Changes in year

The average percentage change of 4% increase, as can be seen in the tables below, across all employees as a whole, is a consequence of the impact of the 2023-24 pay award.

	2023-24 Total Salary £	2023-24 Average FTE	Average Salary per FTE	2022-23 Total Salary £	2022-23 Average FTE	Average Salary per FTE	Average Percentage Change
TS Employees	28,702,976	515	55,756	26,763,621	499	53,624	4.0%

In 2023-24, no employee received remuneration in excess of the highest-paid director (2022-23: none). Remuneration across Transport Scotland ranged from £22k – £117.5k (2022-23: £22k – £112.5k).

	2023-24 Midpoint £	2022-23 Midpoint £	Percentage Change
Highest-Paid Director	117,500	112,500	4.4%

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 2023-24. There were no members of staff who agreed departures under the scheme in 2022-23.

Three members of staff retired on ill health grounds in 2023-24. (2022-23: 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 2024. The accrued pension includes service prior to becoming a Director and/or service in other departments.

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

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

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

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

Accrued pension benefits for all Directors, with one exception, are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

	Lump Sum at NRA as at 31 March 2024 £000	Real Increase in Lump Sum at age NRA £000	Accrued Pension at age NRA as at 31 March 2024 £000	Real Increase in Pension at age NRA £000	CETV as at 31 March 2024 £000	CETV as at 31 March 2023 £000	Real Increase in CETV in 2023-24 £000
Fiona Brown						134	
Morna Cannon						-	
Gary Cox						-	
Hugh Gillies						626	
Alison Irvine						259	
Stewart Leggett						400	
Roddy Macdonald						744	
Bill Reeve	0	7.5 - 10	60 - 65	0 – 2.5	1,518	1,522	73
Lawrence Shackman						595	
Bettina Sizeland						359	
Kerry Twyman						466	

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.

Further details about the Civil Service pension arrangements can be found at the website **Home – Civil Service Pension Scheme.**

Staff report

Equality, diversity, and inclusion

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

The Scottish Government is committed to tackling inequalities in Scottish society and knows that having a diverse workforce is key to this. As an agency of the Scottish Government, we also know that the value of this diversity can only be realised through acknowledging and removing barriers that prevent people from flourishing, and continuing to build an inclusive culture where everyone is valued because of the unique perspectives they bring, whilst also feeling a strong sense of belonging to the Scottish Government as an employer.

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

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

The 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 identifies the gender split within Transport Scotland for the year 2023-24.

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

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

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) 2023 survey was 59%. Our results across the headline categories saw an increase in My Manager and also Learning and development. All other headline categories have decreased, in comparison to the previous year.

The highest-scoring criteria in 2023 results were My Work (83%), My Team (81%) and My Manager (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.

In 2023-24 an average of 8 working days (2022-23: 9.1) were lost due to sickness absence per staff year for Transport Scotland. This compares to an average of 8.16 working days lost due to sickness absence in core Scottish Government in 2023-24.

In 2023-24, the percentage turnover for Transport Scotland permanent staff was 5.71% (2022-23: 6.75%). There were 31 leavers within the period, and an average headcount of 536 permanent staff. This compares to a percentage turnover of 4.38% in core Scottish Government in 2023-24, and an average headcount of 9,246 permanent staff.

Health and safety

Transport Scotland is committed to achieving the highest standards of health, safety and wellbeing for our staff, visitors, contractors, and any others who may be affected by our acts or omissions. We continually engage to promote positive health and safety climates and organisational culture, and we seek improvement through role specific and compulsory health and safety training and e-learning, which in turn is supported by the IOSH Chartered Health & Safety Adviser and Health & Safety Liaison Officers. We also have a bespoke and robust health and safety management system, which is set out clearly within our policy manual. This provides guidance on roles, responsibilities, and proposals for achieving our health, safety, and wellbeing goals, all of which are in alignment with Scottish Government Occupational Health & Safety strategies.

Trade union membership

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

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

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

Employment of disabled persons

We are a 'Disability Confident Leader Employer,' which recognises our commitment and our positive attitude towards removing the barriers faced by disabled people. Our Recruitment and Retention Plan for Disabled People 2019 sets out the actions we are taking as an employer to support more disabled people into work in Scottish Government and to enable existing disabled employees to thrive and succeed at work.

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

The number of staff as at 31 March 2024 who had declared a disability employed by Transport Scotland was 57 (2022-23: 50).

Staff numbers and costs

Details of staff costs for the year are contained within Note 2 to the Accounts. Transport Scotland incurred £39.2 million in relation to staff costs in the year 2023-24 (2022-23: £39.1 million). Of this, £38.3 million was in relation to permanent staff, who are civil servants with an employment contract with Transport Scotland (2022-23: £37.6 million). The balance of £0.9 million related to agency staff (2022-23: £1.5 million).

The costs of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland, totalling £5.1 million (2022-23: £5.4 million) have been charged to capital expenditure in respect of the projects identified in the year, and these costs are included with the project costs in Note 4.

In addition to the staff costs for the year contained within Note 2 to the accounts, the agency paid out £11.6 million in professional consultancy costs in 2023-24 (2022-23: £12.1 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 2023-24, Transport Scotland's headcount totalled 587, analysed in the table below.

Staff Category	Headcount at 31 March 2024	Headcount at 31 March 2023
Permanent Staff	536	536
Agency Staff	7	19
Consultants Employed	44	55
Total	**587**	**610**

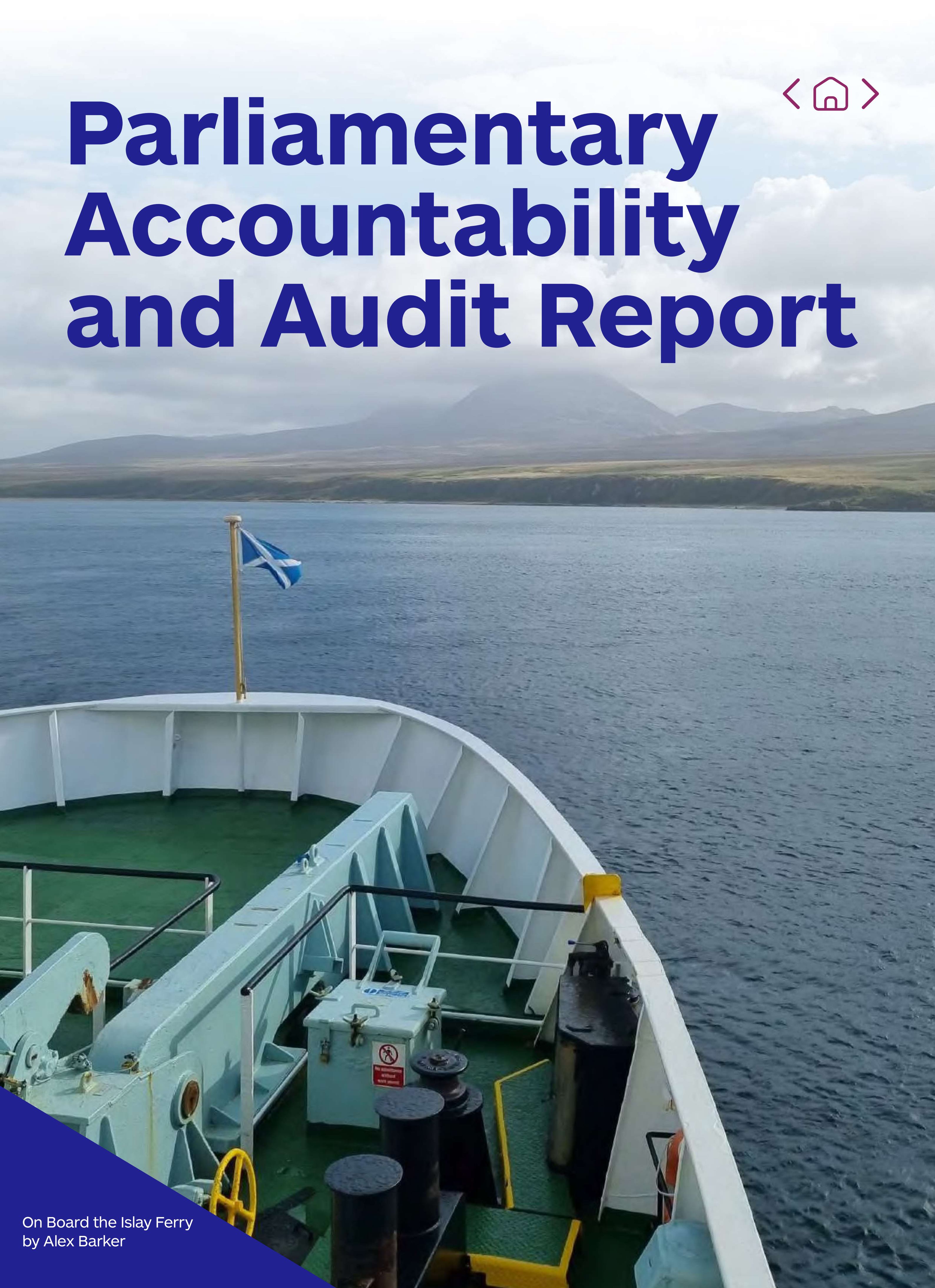
The full time equivalent (FTE) figure of Transport Scotland Permanent Staff was 515 (2022/23: 499).

2023-24	Permanent Staff (FTE)	2022-23	Permanent Staff (FTE)
AMFC	69	AMFC	58
BAAT	84	BAAT	87
Finance and Other	89	Finance and Other	66
LCE	25	LCE	29
Major Projects	50	Major Projects	47
Rail	55	Rail	59
Roads	80	Roads	96
TSA	62	TSA	58
Total	**515**	**Total**	**499**

Pension liabilities

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

Parliamentary Accountability and Audit Report



On Board the Islay Ferry
by Alex Barker

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

Transport Scotland has a policy setting out the criteria for refusal or acceptance of gifts and hospitality. There were no reportable instances of gifts or hospitality being received in 2023-24.

Losses and special payments

Irrecoverable costs no longer being pursued amounted to £430,000 in respect of ten 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 2 May 2023
  National Smart Ticketing Advisory Board (Gender Representation on Public Boards) (Scotland) Regulation 2023
- Tuesday 27 June 2023
  SG Priorities relevant to Committee's remit
- Tuesday 19 September 2023
  SG Priorities relevant to Committee's remit
- Tuesday 3 October 2023
  Transport (Scotland) Act 2019 Amendments Regulations 2023
- Tuesday 14 November 2023
  Parking Prohibitions (Enforcement and Accounts) (Scotland) Regulation 2023
- Tuesday 21 November 2023
  Vehicle Emissions Trading Scheme Order 2023
- Tuesday 16 January 2024
  Bus Services Improvement Partnerships

- Tuesday 23 January 2024
  Budget Scrutiny 2024-25
- Tuesday 30 January 2024
  Budget Scrutiny 2024-25
- Tuesday 5 March 2024
  National Bus Travel Concession Schemes
- Tuesday 12 March 2024
  National Smart Ticketing Advisory Board
- Tuesday 19 March 2024
  Automated Vehicles Bill (UK Parliament Legislation)

Citizen's Participation and Public Petitions Committee

- Wednesday 14 June 2023
  Dual the A9 and Improve Road Safety
- Wednesday 24 January 2024
  Inquiry into A9 Dualling Project
- Wednesday 7 February 2024
  Inquiry into A9 Dualling Project

Public Audit Committee

- Thursday 21 September 2023
  New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802
- Thursday 21 September 2023
  The 2021/ 22 audit of Scottish Canals
- Thursday 7 March 2024
  Investing in Scotland's Infrastructure

Finance and Public Administration Committee

- Tuesday 30 May 2023
  SG Public Service Reform Programme

Alison Irvine

Alison Irvine
Interim Chief Executive
29 August 2024

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 2024 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 2023/24 Government Financial Reporting Manual (the 2023/24 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 2024 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 2023/24 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 have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

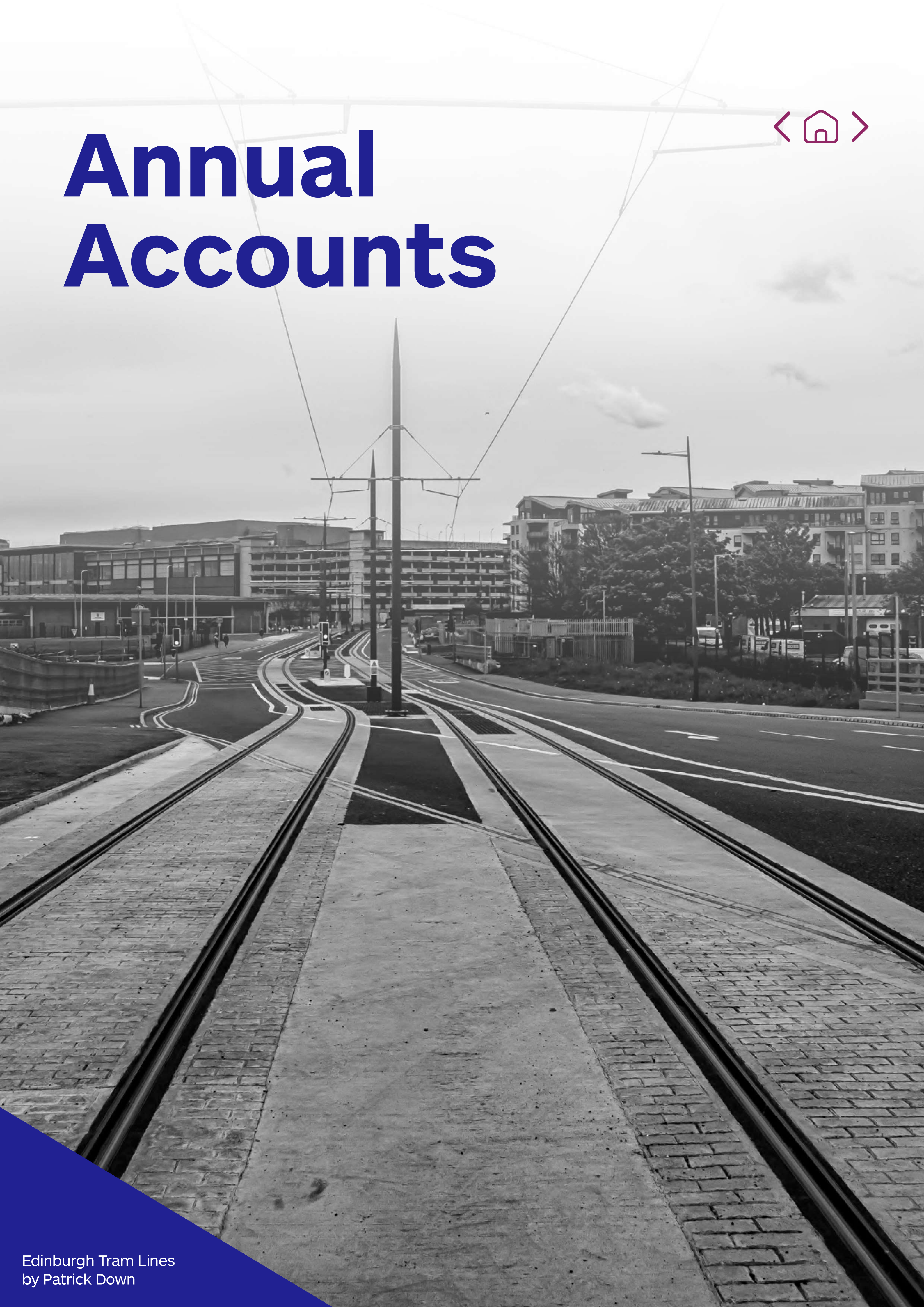
Use of my report

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

Pauline Gillen

Pauline Gillen
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT
29 August 2024

Annual Accounts



Edinburgh Tram Lines
by Patrick Down

Annual Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	£'000 Staff Costs	£'000 Other Costs	£'000 Income	2023-24 £'000 Total	2022-23 £'000 Total
Administration costs						
Staff costs	2	16,123			16,123	16,976
Other administration costs	3		10,398		10,398	6,971
Total administration costs					**26,521**	**23,948**
Programme costs						
Staff costs	2	17,971			17,971	16,706
Other programme costs	4		3,001,906		3,001,906	3,102,088
Income	5			(13,615)	(13,615)	(12,544)
Total programme costs					**3,006,263**	**3,106,250**
Total		34,094	3,012,304	(13,615)	3,032,784	3,130,198
Net operating costs for the year ended 31 March 2024					**3,032,784**	**3,130,198**

Other Comprehensive Net Expenditure

	Note	2023-24 £'000 Total	2022-23 £'000 Total
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on:			
-revaluation of property, plant, and equipment	6	(379,290)	(4,083,146)
-revaluation of intangibles			0
		(379,290)	**(4,083,146)**
Items that may be reclassified subsequently to net operating costs:			
Net (gain)/loss on:			
-revaluation of assets held for sale	8	0	0
Total comprehensive net expenditure for the year ended 31 March 2024		**2,653,494**	**(952,949)**

All income and expenditure is derived from continuing activities.

Statement of Financial Position as at 31 March 2024

	Note	£'000	31 March 2024 £'000	£'000	31 March 2023 £'000
Non-current assets					
Property, plant & equipment	6	27,952,298		27,653,148	
Right of Use Asset	7	28,587		27,936	
Intangible assets	8	69		0	
Financial assets	9	406,536		341,337	
Other receivables	10	30,000		35,000	
Total non-current assets			**28,417,490**		**28,057,421**
Current assets					
Financial assets	9	15,009		16,621	
Trade and other receivables	10	100,518		110,483	
Cash & cash equivalents		0		0	
Total current assets			**115,528**		**127,104**
Total assets			**28,533,018**		**28,184,525**
Current liabilities					
Trade and other payables incl IFRS 16 leases	11	(302,808)		(276,058)	
Provisions	12	(11,491)		(31,564)	
Total current liabilities			**(314,298)**		**(307,622)**
Total assets less current liabilities			**28,218,719**		**27,876,903**
Non-current liabilities					
Other payables and financial liabilities incl IFRS 16 leases	11	(1,018,894)		(1,061,330)	
Provisions	12	(4,743)		(3,314)	
Total non-current liabilities			**(1,023,636)**		**(1,064,645)**
Assets less liabilities			**27,195,083**		**26,812,258**
Taxpayers' equity					
General fund	SoCTE		12,471,914		12,547,612
Revaluation reserve	SoCTE		14,723,169		14,264,647
Total taxpayers' equity			**27,195,083**		**26,812,258**

The notes on pages 126-171 form part of these accounts.

Alison Irvine

Alison Irvine
Interim Chief Executive

The Accountable Officer authorised these financial statements for issue on 29 August 2024

Statement of Cash Flows for the year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
(A) Cash flows from operating activities			
Net operating cost	SoCNE	(3,032,784)	(3,130,198)
Adjustments for non-cash transactions	3/4	169,786	206,534
Decrease/(increase) in trade and other receivables	13	14,965	(16,419)
Adjustment for the revaluation element of assets held for sale	8	0	0
Increase/(decrease) in trade and other payables	13	(15,825)	(77,247)
Increase/(decrease) in provisions	13	(18,645)	7,239
Adjustment for interest element of PFI contracts	4	74,962	71,471
Net cash outflow from operating activities		**(2,807,542)**	**(2,938,619)**
(B) Cash flows from investing activities			
Purchase of property, plant and equipment	6	(138,217)	(169,353)
Acquisition of Right of Use Asset	7	(2,231)	(28,409)
Purchase of Intangible Asset	8	(69)	0
Transfers (note 6 transfer line)		0	0
True Disposal of property, plant and equipment	6	0	0
Investment Balance Adjustment to General Fund	SOCTE	(942)	0
Increase/(decrease) in capital accruals	13	40,772	(26,316)
Increase/(decrease) in Voted loans and Other Funds	9	(63,586)	(41,441)
Net cash outflow from investing activities		**(164,273)**	**(265,519)**
(C) Cash flows from financing activities			
Funding from the Scottish Government	SoCTE	3,153,129	3,359,926
Inter Entity transfers	SoCTE	(65,718)	(74,437)
Inter Entity Adjustment		0	20
Capital element of payments On Balance Sheet PFI contracts	13	(40,806)	(38,419)
Capital element of payments – IFRS 16 Finance Leases	13	173	28,519
Interest element of PFI contracts	4	(74,962)	(71,471)
Net Financing		**2,971,816**	**3,204,139**
Net increase/(decrease) in cash and cash equivalents in the period		0	0
Cash and cash equivalents at the beginning of the period		0	0
Cash and cash equivalents at the end of the period		0	0

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2022		12,400,955	10,181,810	22,582,765
Changes in taxpayers' equity for 2022-23				
Net gain/(loss) on revaluation of property, plant, and equipment	6	(790)	4,141,393	4,140,603
Non-current assets adjustments		0	0	0
Roads trunkings/de-trunkings	6	0	0	0
Roads historic value adjustment	6	(27,716)	(31,454)	(59,171)
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		27,102	(27,102)	0
Inter Entity transfers		(74,437)	0	(74,437)
Impact of adopting IFRS 16	6a	0	0	0
Non-cash charges – auditors remuneration	3	191	0	191
Net operating costs for the year	SoCNE	**(3,130,198)**	0	**(3,130,198)**
Total recognised income and expense for 2022-23		**(3,205,849)**	**4,082,837**	**876,988**
Prior Year Investment balance adjustments	9	(7,420)	0	(7,420)
Funding from Scottish Government		3,359,926	0	3,359,926
Balance at 31 March 2023		**12,547,612**	**14,264,647**	**26,812,259**
Changes in taxpayers' equity for 2022-24				
Net gain/(loss) on revaluation of property, plant and equipment	6	0	379,290	379,290
Financial asset adjustment	9	(942)	0	(942)
Roads trunkings/de-trunkings	6	0	0	0
Roads historic value adjustment	6	(50,352)	0	(50,352)
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		(79,232)	79,232	0
Inter Entity transfers		(65,718)	0	(65,718)
Impact of adopting IFRS 16	6a	0	0	0
Non-cash charges - auditors remuneration	3	202	0	202
Net operating costs for the year	SoCNE	(3,032,784)	0	(3,032,784)
Total recognised income and expense for 2023-24		**(3,228,826)**	**458,522**	**(2,770,305)**
Funding from Scottish Government		3,153,129	0	3,153,129
Balance at 31 March 2024		**12,471,914**	**14,723,169**	**27,195,083**

Notes to the accounts

The financial statements for the year ended 31 March 2024 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 2023-24 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 2023-24.
- 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.

- A number of narrow-scope amendments to IAS 1 – Presentation of Financial Statements, IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, IAS 12 – Income Taxes have minimal impact on Transport Scotland, IFRS 16 – Leases.

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

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

The indexation factors applied are as follows.

- 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 2022-23 annual accounts reflected a closing Baxter Index of 3069.43. The values in the 2023-24 annual accounts reflect a closing Quarter 4 firmed Baxter Index of 3113.19 which is an increase of 1.43%. 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 12-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)

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Transport Scotland is part of the Scottish Government VAT registration and any outstanding VAT balances are accounted for by the Scottish Government.

1.20 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.
- **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:

	2023-24 Permanently Employed Staff £'000	Others £'000	Total £'000	2022-23 Permanently Employed Staff £'000	Others £'000	Total £'000
Administration:						
Wages and salaries costs	11,240	403	11,644	12,016	702	12,719
Social security costs	1,295	0	1,295	1,254	0	1,254
Other pension costs	3,184	0	3,184	3,004	0	3,004
Early retirement costs	0	0	0	0	0	0
	15,719	**403**	**16,123**	**16,274**	**702**	**16,976**
Programme:						
Wages and salaries costs	12,613	478	13,091	11,511	694	12,204
Social security costs	1,444	0	1,444	1,376	0	1,376
Other pension costs	3,437	0	3,437	3,125	0	3,125
	17,493	**478**	**17,971**	**16,012**	**694**	**16,706**
Total staff costs to be charged to Comprehensive Net Expenditure	**33,213**	**882**	**34,094**	**32,286**	**1,396**	**33,682**
Capitalised Programme:						
Wages and salaries costs	3,917	42	3,960	4,231	62	4,292
Social security costs	296	0	296	287	0	287
Other pension costs	723	0	723	689	0	689
Running Costs	121	0	121	132	0	132
	5,058	**42**	**5,100**	**5,339**	**62**	**5,400**
Total staff costs charged to capital expenditure	**5,058**	**42**	**5,100**	**5,339**	**62**	**5,400**
Total Staff Costs	**38,271**	**924**	**39,194**	**37,625**	**1,458**	**39,083**

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 2023-24, employers' contributions of £7.3 million (2022-23, £6.8 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	2023-24 £'000	2022-23 £'000
Rentals under operating leases		312	632
Accommodation		1,175	850
Office costs and supplies		1,709	2,095
Hospitality		13	5
Travel		263	213
Training		77	38
Consultancy		216	366
Loan Impairments		3,691	0
Programme Running Costs		678	1,216
Non-cash items			
Depreciation	6/7	2,062	1,364
Auditors' remuneration and expenses – external	22	202	191
Total administration costs		**10,398**	**6,971**

4. Programme costs

	Note	2023-24 £'000	2022-23 £'000
Other programme expenditure Roads			
Capital maintenance		171,266	205,933
Current maintenance		158,699	142,277
PFI interest charges		74,962	71,471
PFI service charges		25,905	39,196
Rail			
Franchise *		749,106	724,645
Rail infrastructure in Scotland **		418,406	472,965
Other		1,382	1,883
Bus Services			
Smartcard applications		1,899	1,531
Concessionary travel schemes		355,610	268,075
Other public transport			
Major public transport projects – rail ***		178,350	193,717
Transport information		527	560
Ferry services in Scotland		337,624	287,157
Air services in Scotland		68,872	76,670
Bus services in Scotland		32,277	140,645
Other transport directorate programmes		58,808	52,591
Low Carbon and Active Travel		118,820	139,222
Central Government grants to Local Authorities		90,863	82,467
Resource AME Transactions (EST Loans Only)		(8,992)	(3,896)
Non-cash items			
Depreciation	6/7	167,522	204,980
Total other programme costs		3,001,906	3,102,088

* Cash Grant in Aid Payments to Scottish Rail Holdings (£413 million plus Fixed Track Access Charges of £353 million) and Serco (£7 million) offset by a repayment from Abellio (£24 million) totalled £749 million.

** The Rail Infrastructure in Scotland Capital Figure of £418m was paid directly to 'Network Rail'.

*** Enhancement grant of £167m 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.

	2023-24 £'000	2022-23 £'000
Programme income		
Interest receivable - loans	(9,017)	(5,210)
Rental income - land & properties	(30)	(64)
Other income	(0)	(3,937)
European Structural Fund (ESF) income	(3,452)	(2,162)
Ports income	(4)	0
Dividends	0	0
Profit on disposal of land	(1,111)	(1,171)
Total operating income	**(13,615)**	**(12,544)**

6. Property, plant, and equipment

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
Detrunkings	0	0	0	0	0	0	0	0
Additions	61,544	0	0	0	0	0	76,673	138,217
Disposals	0	0	(3,817)	0	(4,608)	(1,508)	0	(9,933)
Revaluation	407,474	0	0	0	0	0	0	407,474
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(67,436)	0	0	0	0	0	0	(67,436)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Transfers (to)/from assets under construction	54,110	0	0	0	0	0	(54,110)	0
Balance at 31 March 2024	**33,854,756**	**6,198**	**8,959**	**135**	**0**	**0**	**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
Depreciation								
At 1st April 2023	6,252,611	0	5,594	131	4,608	1,508	0	6,264,452
Detrunkings	0	0	0	0	0	0	0	0
Charge for the year	167,522	0	479	4	0	0	0	168,005
Disposals	0	0	(3,817)	0	(4,608)	(1,508)	0	(9,933)
Revaluation	28,185	0	0	0	0	0	0	28,185
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(17,084)	0	0	0	0	0	0	(17,084)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Balance at 31 March 2024	**6,431,233**	**0**	**2,256**	**135**	**0**	**0**	**0**	**6,433,624**
Net Book Value at 31 March 2024	**27,423,523**	**6,198**	**6,703**	**0**	**0**	**0**	**515,875**	**27,952,298**
Net Book Value at 31 March 2023	**27,146,454**	**6,198**	**7,181**	**4**	**0**	**0**	**493,311**	**27,653,149**
Asset Financing								
Owned	23,488,938	6,198	6,703	0	0	0	515,875	24,017,714
Finance-Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	3,934,585	0	0	0	0	0	0	3,934,585
Donated	0	0	0	0	0	0	0	0
Net Book Value at 31 March 2024	**27,423,523**	**6,198**	**6,703**	**0**	**0**	**0**	**515,875**	**27,952,298**

2022-23	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 2022	28,135,763	6,476	11,810	135	4,608	1,508	544,540	28,704,839
Detrunkings	0	0	0	0	0	0	0	0
Additions	48,273	(16)	0	0	0	0	121,095	169,353
Disposals	0	(790)	0	0	0	0	0	(790)
Revaluation	5,109,361	528	966	0	0	0	0	5,110,855
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(35,202)	0	0	0	0	0	0	(35,202)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Transfers (to)/from assets under construction	140,870	0	0	0	0	0	(172,324)	(31,454)
Balance at 31 March 2023	**33,399,065**	**6,198**	**12,775**	**135**	**4,608**	**1,508**	**493,311**	**33,917,601**

2022-23	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
Depreciation								
At 1st April 2022	5,085,655	0	4,729	106	4,608	1,508	0	5,096,605
Detrunkings	0	0	0	0	0	0	0	0
Charge for the year	204,980	0	482	25	0	0	0	205,487
Disposals	0	0	0	0	0	0	0	0
Revaluation	970,750	0	384	0	0	0	0	971,133
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(8,773)	0	0	0	0	0	0	(8,773)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Balance at 31 March 2023	**6,252,611**	**0**	**5,594**	**131**	**4,608**	**1,508**	**0**	**6,264,452**
Net Book Value at 31 March 2023	**27,146,455**	**6,198**	**7,181**	**4**	**0**	**0**	**493,311**	**27,653,149**
Net Book Value at 31 March 2022	**23,050,108**	**6,476**	**7,081**	**29**	**0**	**0**	**544,540**	**23,608,234**

2022-23	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
Asset Financing								
Owned	23,148,630	6,198	7,099	4	0	0	493,311	23,655,242
Finance-Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	3,997,824	0	0	0	0	0	0	3,997,824
Donated	0	0	82	0	0	0	0	82
Net Book Value at 31 March 2023	**27,146,454**	**6,198**	**7,181**	**4**	**0**	**0**	**493,311**	**27,653,148**

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. These are zero in 2023-24.

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

	2023-24 Total £000
Cost or Valuation Balance at 01 April 2023	28,409
Additions	2,231
Disposals	0
At 31 March 2024	**30,639**
Depreciation Balance at 01 April 2023	473
Charged in year	1,580
Disposals	0
At 31 March 2024	**2,052**
Net book value	**28,587**
Analysis of asset financing:	
Owned	0
Finance-Leased	28,587
Net book value	**28,587**

	2022-23 Total £000
Cost or Valuation Balance at 01 April 2022	0
On transition	0
Additions	28,409
Disposals	0
At 31 March 2023	**28,409**
Depreciation Balance at 01 April 2022	0
Charged in year	473
Disposals	0
At 31 March 2023	**473**
Net book value	**27,936**
Analysis of asset financing:	
Owned	0
Finance-Leased	27,936
Net book value	**27,936**

* All ROU Assets are buildings

7b Lease Liabilities

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Right of Use Assets		
Within one year	1,255	533
Between 2 and 5 years	3,252	4,065
After 5 years	28,452	27,919
Less unaccrued interest	(3,734)	(3,997)
Total	**29,225**	**28,520**

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.

	2023-24 £'000	2022-23 £'000
At replacement cost or valuation		
At 1 April	0	0
Additions	69	0
Disposals	0	0
Balance at 31 March	**69**	**0**
Accumulated amortisation		
At 1 April	0	0
Charge for the year	0	0
Revaluations	0	0
Disposals	0	0
Balance at 31 March	**0**	**0**
Net Book Value at 31 March	**69**	**0**

9. Financial assets

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

As at 31 March 2024, 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.

2023-24	Interests in Nationalised Industries & Limited Companies £'000	Voted Loans £'000	Other Funds £'000	Total Reserves £'000
Balance at 1st April 2023	20,550	196,085	141,324	357,959
Advances and repayments				
Cash advances	0	63,264	656	63,920
Transfers	0	0	0	0
Repayments	0	(9,058)	(2,167)	(11,225)
Write off EST Loans	0	0	(322)	(322)
Expected Credit Losses	0	0	(3,369)	(3,369)
Discounting of EST Loans	0	0	6,018	6,018
Effective Interest Receivable	0	5,591	2,974	8,565
Balance at 31 March 2024	**20,550**	**255,882**	**145,114**	**421,545**
Analysed by:				
Loans repayable within 12 months in Current Assets	0	9,207	5,803	15,009
Loans repayable after 12 months in Non Current Assets	20,550	246,675	139,311	406,536

2022-23				
Balance at 01 April 2022	20,550	166,204	137,184	323,938
Advances and repayments				
Cash advances	0	48,616	11,907	60,523
Transfers	0	0	(11,626)	(11,626)
Repayments	0	(8,936)	(2,417)	(11,352)
Discounting of EST Loans	0	0	323	323
Effective Interest Receivable	0	0	3,573	3,573
Balance at 31 March 2023	**20,550**	**205,885**	**138,944**	**365,379**
Analysed by:				
Loans repayable within 12 months in Current Assets	0	9,058	7,564	16,622
Loans repayable after 12 months in Non Current Assets	20,550	196,826	131,380	348,757
Prior Year Adjustment to Balances	0	(9,800)	2,380	(7,420)
Restated Balance at 31 Mar 2023	**20,550**	**196,085**	**141,324**	**357,959**

	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	50	166.6	156.2	46.4
Turnover	361	29.8	45.3	295.3
Profit/(loss) for the financial year	(803.0)	(37.9)	(8.6)	3.8

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

Following a review of loans held by the organisation, a number of adjustments were posted in relation to closing Loan Balances. This has led to the following adjustments to the prior period balances:

- £9.8 million reduction to Loan balances in relation to Caledonian Maritime Assets Ltd.
- £2.38 million increase to Loan balances in relation to Highlands and Islands Airports Limited.
- £7.42 million reduction to the General Fund balance.

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.

10a Analysis by classification	As at 31/03/24 £'000	As at 31/03/23 £'000
Amounts falling due within one year: Trade and other receivables		
Trade and other receivables	6	8,917
Damage claims	1,783	933
Prepayments and accrued income	98,729	100,633
	100,518	**110,483**
Amounts falling due after more than one year:		
Prepayments and other receivables	30,000	35,000
	30,000	**35,000**

10b Intra-Government balances	As at 31/03/24 £'000	As at 31/03/23 £'000
Amounts falling due within one year: Intra-Government balances		
Other Central Government bodies	49,945	57,682
Local Authorities	23	23
Public corporations and trading funds	6,920	7,706
	56,888	**65,411**
Balances with bodies external to Government	**43,630**	**45,072**
Total receivables	**100,518**	**110,483**
Amounts falling due after more than one year: Intra-Government balances		
Other Central Government bodies	0	0
Local Authorities	0	0
Public corporations and trading funds	0	0
	0	**0**
Balances with bodies external to Government	**30,000**	**35,000**
Total receivables	**30,000**	**35,000**

11. Trade payables and other liabilities

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

11a Analysis by classification	As at 31/03/24 £'000	As at 31/03/23 £'000
Amounts falling due within one year: Trade and other payables		
Trade payables	19,725	8,935
Accruals	206,961	151,106
Other payables	33,171	74,870
Financial liabilities – IFRS 16 Leases	982	258
Financial liabilities – PFI	41,885	40,806
Deferred income	83	83
	302,808	**276,058**
Amounts falling due after more than one year:		
Other payables	292	292
Financial liabilities – IFRS 16 Leases	27,710	28,261
Financial liabilities – PFI	990,892	1,032,777
	1,018,894	**1,061,330**

11b Intra-Government balances	As at 31/03/24 £'000	As at 31/03/23 £'000
Amounts falling due within one year: Intra-Government balances		
Other Central Government bodies	3,946	3,131
Local Authorities & Health Boards	64,910	53,101
Public corporations and trading funds	50,916	19,117
	119,772	**75,349**
Balances with bodies external to Government	**183,036**	**200,709**
Total payables	**302,808**	**276,058**
Amounts falling due after more than one year: Intra-Government balances		
Other Central Government bodies	0	0
Local Authorities & Health Boards	0	0
Public corporations and trading funds	0	0
	0	**0**
Balances with bodies external to Government	**1,018,894**	**1,061,330**
Total payables	**1,018,894**	**1,061,330**

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
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**
2022-23				
Balance as at 1st April 2022	24,580	0	3,059	27,639
Provided in year	9,200	3,270	6,522	18,992
Provisions not required written back	(5,258)	0	(3,043)	(8,301)
Provisions utilised in year	(3,278)	0	(4)	(3,281)
Discount amortised	(179)	0	9	(171)
Balance as at 31 March 2023	**25,065**	**3,270**	**6,543**	**34,878**

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 2025	7,790	3,281	420	11,491
Between 2026 and 2029	3,701	288	754	4,743
Between 2029 and 2034	0	0	0	0
Thereafter	0	0	0	0
Balance as at 31 March 2024	**11,491**	**3,569**	**1,174**	**16,233**
In the remainder of the period to 2023	22,415	2,610	6,539	31,564
Between 2024 and 2027	2,650	660	4	3,314
Between 2026 and 2030	0	0	0	0
Thereafter	0	0	0	0
Balance as at 31 March 2023	**25,065**	**3,270**	**6,543**	**34,878**

13. Movement on working capital balances

	Note	As at 31/03/24 £'000	As at 31/03/23 £'000	2023-24 Net Movement £'000	2022-23 Net Movement £'000
Receivables					
Due within one year	10	100,518	110,483	9,965	(21,419)
Due after more than one year	10	30,000	35,000	5,000	5,000
Net (increase)/decrease		**130,518**	**145,483**	**14,965**	**(16,419)**
Payables					
Due within one year	11	302,808	276,058	26,750	(100,918)
Due after more than one year	11	1,018,894	1,061,330	(42,437)	(12,545)
		1,321,702	**1,337,388**	**(15,687)**	**(113,463)**
Less: IFRS 16 Liabilities included in above	11	28,692	28,519	173	28,519
Less: PFI creditors included in above	11	1,032,777	1,073,583	(40,806)	(38,419)
Less: Capital accruals included in the above		(29,969)	(70,740)	40,772	(26,316)
Net increase/(decrease)		**290,201**	**306,026**	**(15,825)**	**(77,247)**
Provisions	12	16,233	34,878	(18,645)	7,239
Net increase/(decrease)		**16,233**	**34,878**	**(18,645)**	**7,239**
Net movement increase/(decrease)		**436,952**	**486,387**	**(49,435)**	**(53,589)**

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			
Transport Scotland Directorates	**In 1 Year £'000**	**2-5 Years £'000**	**> 5 years £'000**	**Total £'000**
Major Projects	7,731	0	0	7,731
Road	51,300	17,555	270	69,125
Bus Accessibility and Active Travel	913	812	39	1,764
Total contracted capital commitments for which no provision has been made	**59,944**	**18,367**	**309**	**78,620**

15. Commitments under IFRS 16 leases

Commitments for Low value/less than 12 month Operating Leases

	As at 31 March 2024 £000s	As at 31 March 2023 £000s
Land and Buildings		
Within one year	0	294
Within two to five years (inclusive)	0	0
After five years	0	0
Total	**0**	**294**

Split of costs

	As at 31 March 2024 £000s	As at 31 March 2023 £000s
Rental Costs – Operating Leases		
Operating Lease Rentals	0	294
Total Rental Costs	**0**	**294**

Commitments for Finance Leases also shown as Right of Use Assets

	As at 31 March 2024 £000s	As at 31 March 2023 £000s
Land and Buildings Obligations under finance leases		
The total future lease payments under finance leases		
Total lease payments due within one year	982	262
Total lease payments due between 1 and 5 years	2,242	2,789
Total lease payments due thereafter	25,468	25,468
Sub-total	**28,692**	**28,519**
Less interest element	3,734	3,997
Present Value of Obligations under finance lease	**24,958**	**24,522**

	As at 31 March 2024 £000s	As at 31 March 2023 £000s
Land and Buildings Obligations under finance leases		
The total future lease payments under finance leases		
Total lease payments due within one year	710	(8)
Total lease payments due between 1 and 5 years	1,232	1,514
Total lease payments due thereafter	23,017	23,017
Present Value of Obligations under finance lease	**24,958**	**24,522**

16. Service concession arrangements

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

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

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

M80 – the contract covers the design, build and financing of approximately 18 km of motorway and associated roads, junctions, structures and associated works and their ongoing 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 31/03/24 £'000	As at 31/03/23 £'000	As at 31/03/22 £'000
Imputed finance lease obligations under PFI contracts comprise:			
Rentals due within 1 year	115,402	115,768	114,979
Rentals due within 2 to 5 years	418,056	439,375	460,696
Rentals due thereafter	1,371,040	1,465,123	1,563,445
	1,904,498	2,020,266	2,139,120
Less: Interest element (finance cost)	(871,721)	(946,683)	(1,027,117)
Total capital cost	**1,032,777**	**1,073,583**	**1,112,003**

	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	33,585	29,846	38,326
Service charge due within 2 to 5 years	175,572	161,036	137,810
Service charge due thereafter	981,184	1,029,306	1,091,265
Total service charge	**1,190,342**	**1,220,188**	**1,267,401**

17. Other financial commitments

Transport Scotland Directorate	Value of Commitment Payable			
	In 1 Year £'000	2-5 Years £'000	> 5 years £'000	Total £'000
Rail	1,409,586	4,981,739	1,159,750	7,551,075
Air	8,918	21,194	0	30,112
Ferries	119,025	54,893	0	173,918
Roads	595	2,572	0	3,167
Total	**1,538,124**	**5,060,398**	**1,159,750**	**7,758,272**

Rail

The table above takes into consideration the below key outcomes.

- Commencement of Caledonian Sleeper Ltd services on 25 June 2023 via the NDPB Scottish Rail Holdings.
- Network Rail outputs and associated funding for Control Period 7 (CP7) from 1 April 2024 to 31 March 2029 was determined by the Office of Road and Rail (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 four 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; Serco Caledonian Sleeper Limited via a franchise agreement; and First TransPennine Express Limited (Cross Border Services) via a service level agreement to serve East Linton and Reston train stations. The total amount charged to the Statement of Comprehensive Net Expenditure reflects the grants paid to Network Rail for operations, maintenance, and renewals (OMR) and enhancements, cash grant in aid payments for SRH and subsidy payments for Serco Caledonian Sleeper Ltd and Cross Border Services. This is summarised below.

	2023-24 £'000	2022-23 £'000
Network Rail OMR	418,406	472,965
Network Rail Enhancement Grant	167,200	180,011
Scottish Rail Holdings	765,486	694,810
Serco Caledonian Sleeper Limited & Cross Border Services	7,467	29,799
Total	**1,358,559**	**1,377,585**

Ferries

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

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

The Northern Isles contract (NIFS) runs from 30 June 2020 to 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.

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

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

Roads

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

18. Financial Instruments

18a Financial Instruments by Category

2023-24	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		444,678	444,678
Balance as at 31 March 2024		444,678	444,678

2023-24	Note	Other Financial Liabilities £'000	Total £'000
Liabilities per Statement of Financial Position			
PFI & IFRS 16 liabilities	15, 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

2022-23	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		399,139	399,139
Balance as at 31 March 2023		399,139	399,139

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

18b Financial risk factors

Exposure to risk

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

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

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

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

Cash flow and fair value interest rate risk

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

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

19. Contingent liabilities

19a Contingent liabilities disclosed under IAS 37

As part of Transport Scotland's normal course of business, the Forestry Commission grants the right to use a forestry track as an emergency diversion route on the A83 Rest and Be Thankful on the understanding that 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 reporting and accountability purposes.

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

- 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 these 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 Mar 2024	£m
Section 54 guarantee for 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 type 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 Ltd through the Grant and Franchise Agreements.

iii. Other contingent liabilities held by Transport Scotland:

- Under the terms of the Clyde and Hebrides Ferry Services contract, Scottish Ministers are responsible for any increased pension costs due under the Calmac Pension Scheme. During 2021-22, Transport Scotland made an additional capital payment of £10.9 million to reduce the level of a historic deficit, which has accumulated in the scheme, and to reduce the impact on resource budgets. 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 Airports Ltd, are unable to pay any sum owed to the pension scheme.

20. Related party transactions

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

Caledonian Sleeper Limited was mobilised on 26 June 2023 as a second subsidiary of Scottish Rail Holdings Limited; the day after the Serco Caledonian Sleeper Rail Franchise terminated.

Bill Reeve (Director of Rail) and Lee Shedden (Head of Rail Finance), resigned as Directors of Caledonian Sleeper Limited effective from 26 June 2023. Lee Shedden resigned as a Non-Executive Director of Scottish Rail Holdings Ltd on 1 August 2023 following the appointment of Brian Baverstock as an external non-executive director to replace him.

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

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

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

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

21. Segmental reporting

21a Business Segments – Statement of Comprehensive Net Expenditure

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	0	0	0	0	1,351,350
Bus services	392,536	1,044	(389)	0	0	0	393,191
Other public transport	23,780	0	0	2,062	1,690	0	27,531
Ferry services in Scotland	264,759	75,015	(8,865)	0	0	0	330,909
Air services in Scotland	57,909	10,952	(156)	0	0	0	68,705
Other transport directorate programmes	26,839	130,024	(3,063)	0	0	0	153,800
Scottish Futures Fund	0	24,381	0	0	(8,992)	0	15,389
Grants to Local Authorities	41,732	49,131	0	0	0	0	90,863
	1,351,995	**1,432,947**	**(13,616)**	**169,584**	**(26,528)**	**100,867**	**3,015,249**

2022-23	Resource £'000	Net Investment £'000	Income £'000	Non Cash £'000	AME £'000	ODEL £'000	Total £'000
Total continuing segments							
Roads	147,347	206,888	(1,236)	204,980	8,812	110,666	677,457
Rail	413,849	983,324	(3,765)	0	0	0	1,393,408
Bus services	412,883	1,447	(259)	0	0	0	414,071
Other public transport	21,539	0	(171)	1,363	0	0	22,732
Ferry services in Scotland	212,846	75,477	(5,210)	0	0	0	283,113
Air services in Scotland	59,911	16,759	0	0	0	0	76,670
Other transport directorate programmes	37,087	117,052	(1,891)	0	0	0	152,247
Scottish Futures Fund	92	40,650	0	0	(3,896)	0	36,846
Grants to Local Authorities	33,095	49,371	0	0	0	0	82,466
	1,338,648	**1,490,968**	**(12,531)**	**206,343**	**4,916**	**110,666**	**3,139,010**

21b Business Segments – Capital Expenditure

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	0	0	157,129
Rail	0	0	0	0	0
Other public transport	0	0	923	0	923
Other transport directorate programmes	0	0	0	(1,511)	(1,511)
Ferry, aviation, and other services in Scotland	0	0	0	54,206	54,206
	61,543	**95,586**	**923**	**52,695**	**210,747**

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

22. Notional charges

The following notional charges have been included in the accounts:

	Note	2023-24 £'000	2022-23 £'000
The following notional charges have been included in the accounts:			
Auditors' remuneration	3	202	191
		202	**191**

23. Losses and Special Payments

	Number of cases	2023-24 £'000	2022-23 £'000
Total cash losses	10	430	568
Details of cases over £250,000	0	0	0
Including			
- claims abandoned	10	430	568
- active claims	0	0	0

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

There is continuous review of the costs held in the debtor account and those deemed recoverable are identified. Irrecoverable costs no longer being pursued amounted to £0.430 million in respect of ten cases and these have now been written off.

24. Events after the reporting period

There are none.

Glossary

Abbreviation	Detail
ABR	Autumn Budget Review
ACCAR	Approach to Climate Change Adaptation and Resilience
AME	Annually Managed Expenditure
AMFC	Aviation, Maritime, Freight and Canals
ATTF	Active Travel Transformation Fund
AWPR/B-T	Aberdeen Western Peripheral Route/Balmedie-Tipperty
BAAT	Bus and Active Travel
BEAR	Bus Emissions Abatement Retrofit Programme
BEIS	Business, Energy, and Industrial Strategy
CDEL	Capital Departmental Expenditure Limit
CETV	Cash Equivalent Transfer Value
CFL	CalMac Ferries Limited
CHFS	Clyde and Hebrides Ferry Service
CIEEM	Chartered Institute for Ecology and Environmental Management
CIHT	Chartered Institution of Highways and Transportation
CMAL	Caledonian Maritime Assets Ltd.
CMP	Carbon Management Plan
CSL	Caledonian Sleeper Ltd
CSPS	Civil Service People Survey
DBFO	Design, Build, Finance and Operate
DEL	Departmental Expenditure Limit
DG	Director General
DIAA	Directorate for Internal Audit and Assurance
DML	David MacBrayne Ltd.
DYW	Developing the Young Workforce
ESF	European Structural Fund
EV	Electric Vehicles
FCS	Finance and Corporate Services
FFR	Fair Fares Review

Abbreviation	Detail
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GDPR	General Data Protection Regulation
GVD	General Vesting Declaration
HIAL	Highlands and Islands Airports Limited
HMT	His Majesty's Treasury
IAO	Information Asset Owner
IAR	Information Asset Register
ICO	Information Commissioner’s Office
ICT	Information & Communication Technology
IDM	Investment Decision Making Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LCE	Low Carbon Economy
LEZs	Low Emission Zones
MICE	Member of the Institution of Civil Engineers
MCIHT	Member of the Chartered Institution of Highways and Transportation
MOTO	Memorandum Of Terms of Occupation
NDPBs	Non-Departmental Public Bodies
NPD	Non-Profit Distributing
NPF	National Performance Framework
NTS	National Transport Strategy
ODEL	Outside Departmental Expenditure Limit
PCSPS	Principal Civil Service Pension Scheme
PfG	Programme for Government
PFI	Private Finance Initiative
PPP	Public Private Partnership
PRIME Markings	Perceptual Rider information for Maximising Expertise and Enjoyment Markings
PM	Particulate Matter

Abbreviation	Detail
PSOs	Public Service Obligations
RAAVS	Road Authorities Asset Valuation System
RDEL	Resource Departmental Expenditure Limit
RTP	Regional Transport Partnerships
SAF	Sustainable Aviation Fuel
SBR	Spring Budget Review
SCCAP	Scottish Climate Change Adaptation Programme
ScotZEB	Scottish Zero-Emission Bus Challenge Fund
SCSL	Serco Caledonian Services Ltd
SDG	Sustainable Development Goal
SDI	Scottish Development International
SoCNE	Statement of Comprehensive Net Expenditure
SoCTE	Statement of Changes in Taxpayers Equity
SoFA	Statement of Funds Available
SMT	Senior Management Team
SNF	Serco Northlink Ferries
SPFM	Scottish Public Finance Manual
SRH	Scottish Rail Holdings
SRT	ScotRail Trains Limited
SSRB	Senior Salaries Review Body
STAG	Scottish Transport Analysis Guide
STEAM	Science, Technology, Engineering, Arts and Maths
STEM	Science, Technology, Engineering and Maths
STPR2	Strategic Transport Projects Review (2)
TSA	Transport Strategy and Analysis
TCFD	Task Force of Climate-Related Financial Disclosures
UCI	Union Cycliste Internationale
ULEVs	Ultra-Low Emission Vehicles
VAT	Value Added Tax

Annex

Transport Scotland Accounts Direction by the Scottish Ministers

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

1. The statement of accounts for the financial year ended 31 March 2007 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government **Financial Reporting Manual** (FReM) which is in force for the year for which the statement of accounts are prepared.

2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

Scottish Government
Riaghaltas na h-Alba

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ISBN: 978-1-911672-46-3

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This document is also available on the Transport Scotland website: www.transport.gov.scot
Produced for Transport Scotland by APS Group Scotland
Published by Transport Scotland, August 2024
PPDAS1286062 (08/24)

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