



**TRANSPORT  
SCOTLAND**  
CÒMHDHAIL ALBA

**TRANSPORT SCOTLAND ANNUAL REPORT AND ACCOUNTS**  
for the year ended 31 March 2014



# TRANSPORT SCOTLAND

## ANNUAL REPORT AND ACCOUNTS 2013-14

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## **ANNUAL REPORT CHIEF EXECUTIVE'S INTRODUCTION**

I am pleased to introduce the Transport Scotland Annual Report and Accounts for 2013-14.

Our focus throughout the year remained firmly on supporting Scottish Ministers in delivering national and international transport projects and policies. Our Corporate Plan 2012-15 is built around the Scottish Government's purpose of increasing sustainable growth, and Transport Scotland now has a well-established and recognised place in the public sector landscape in Scotland. The report highlights our significant contributions in delivering Scottish Ministers' transport priorities and commitments.

The year began with the Deputy First Minister, Nicola Sturgeon MSP, opening the new Traffic Control Centre and Contact and Education Centre at South Queensferry in April. This highlighted our major contribution to national resilience and innovative use of technology in keeping the country's road users safe and informed. I was also pleased in July to support the First Minister, Alex Salmond MSP, when he revealed the outcome of the 'Name the Bridge' public vote for the new bridge over the Firth of the Forth as the "Queensferry Crossing", following more than 37,000 votes.

We report on continuing support for public transport services, including a £5.3 million investment for improvements at more than 60 train stations throughout the country in time for 2014, when the eyes of the world will fall on Scotland for the Ryder Cup and the Commonwealth Games.

Improving our road and rail infrastructure remains a key commitment, taking forward the Edinburgh Glasgow Improvement Programme, Forth Replacement Crossing and a further year of progress towards completion of the Borders Railway. The award of the £310 million M8 M73 M74 Motorway Improvements contract was made in February, the largest Non Profit Distributing (NPD) project to be awarded as part of the Scottish Government's £2.5 billion NPD programme, delivering economies of scale and efficiencies for the public, and the first UK roads project involving bond finance since the global financial crisis in 2008. We have been delivering on the progress to the Aberdeen Western Peripheral Route (AWPR) and the A90 Balmedie-Tipperty dualling. Major benefits are expected in the local economy including employment, environmental and road safety improvements, enhancing the integration of public transport and access to Aberdeen.

We continue to build strong foundations for modal shift to active travel with on-going development of the cycling infrastructure and encouragement of behavioural change. We published the updated Cycling Action Plan for Scotland (CAPS) in June 2013. The Minister for Transport and Veterans, Keith Brown MSP, held the first annual Cycling Summit in September 2013 with senior representatives from local authorities, regional transport partnerships and national delivery bodies, to discuss implementation of the CAPS.

Our work also connects our island communities by air and ferry links, where we continue to engage with local communities in developing infrastructure, routes and services to maximise their social and economic benefits. Investment in new ferries continues with technical and environmental innovation seen in the launch of the second of the unique “hybrid” ferries. Air links highlight our outward focus in helping to secure new services to North America and Qatar, and bringing Prestwick Airport into public ownership to help plan for a secure and stable future.

I remain hugely impressed with the skill and professional expertise within the agency. I pay tribute to all colleagues involved, and acknowledge our partners across Scotland in working to help deliver the achievements set out in this report.

**David Middleton**  
Chief Executive  
Transport Scotland

## **MANAGEMENT COMMENTARY**

### **STRATEGIC REPORT**

#### **ROLE**

Transport Scotland was created in 2006 as an Executive Agency of the Scottish Government, accountable to Parliament and the public through Scottish Ministers.

The Transport (Scotland) Act 2005 provided for the setting up of the Agency as a new transport body and defined its functions. On 1 August 2010, the functions of the Scottish Government's Transport Directorate were merged with those of Transport Scotland, resulting in a single body covering all of the Scottish Government's transport responsibilities.

The Agency role now covers all of the Scottish Government's national transport policy and project responsibilities. These include overseeing the operation and improvement of the trunk road, ferry, inland waterway and railway networks in Scotland; the air passenger facilities and routes in the Highlands and Islands; the national concessionary travel schemes and for the provision of travel information services. We also support Ministers in prioritising future transport policy and investments and promoting sustainable transport and road safety.

#### **STRATEGY AND PLANNING**

The Scottish Government's purpose is to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth, and this provides the focus for our work. Our delivery priorities:- improved connections across Scotland; better journey times; better reliability; greener transport alternatives; reduced emissions; increased safety; more innovation – are all set in that context. We are refreshing our commitment to them as part of our on-going business planning process. This provides a clear focus to enable us to develop and deliver efficient, effective and sustainable transport infrastructure and services for Scotland.

Our detailed delivery outcomes are drawn from our Corporate Plan and Annual Business Plan covering the past year. Delivery against our targets for 2013-14 is summarised on pages 16-19.

#### **DELIVERY AGAINST OUR PRIORITIES**

##### **Improved connections across Scotland and internationally**

Transport Scotland continues to work with Strategic and Local Development Plan teams across Scotland and internationally to ensure better planning and integration of transport and land use. This contributes to the overall robustness of Scotland's economy. We work closely with the National Planning Framework across all transport modes as well as with the Scottish Cities Alliance to deliver the key objective of a more connected Scotland.

- **Forth Replacement Crossing (Queensferry Crossing)**

The Forth Replacement Crossing Project has seen a total of £145 million worth of savings being released since construction on the project commenced in June 2011. September 2013 saw a crucial phase of construction on the Queensferry Crossing with the completion of the three main tower foundations. Projected completion has remained on time and within budget.

- **Aviation**

The Agency has continued to work with airlines and airports to improve Scotland's international connectivity. In 2013 we helped secure new services from Edinburgh to Chicago, Philadelphia and Doha and worked with the Isle of Man Government to help restore a link between Glasgow and the Isle of Man. These connections will bring direct economic benefits to Scotland through improving business links. We also brought Prestwick Airport into public ownership in order to secure its future, with the intention of repositioning it to enable it to be returned to the private sector in due course.

- **Ferries – Hybrid Vessels**

The agency funded the procurement of hybrid ferries, named MV Hallaig and MV Lochinvar for use on Clyde and Hebrides routes, which are the only two passenger and vehicle roll-on, roll-off ferries in the world to incorporate a low-carbon hybrid system of diesel electric and lithium ion battery power. The second of these vessels was launched May 2013. The technology used will be cleaner, quieter and cheaper to operate and maintain than ever before.

- **Edinburgh Trams**

The capital now has a modern tram link between the city centre and the airport, which will provide a boost to Edinburgh's economy. Transport Scotland played a key role in supporting City of Edinburgh Council and its contractors in the construction work on Edinburgh Trams, which finished ahead of the revised programme, with trams now running into York Place from the airport.

- **Borders Railway**

The Borders Railway will be the longest new domestic railway to be constructed in Britain for over 100 years, with 30 miles of new railway line. Initial phases of track laying are due to commence in Summer 2014 and the start of construction of the seven new stations and installation of signals is due to commence in Autumn 2014.

The railway will deliver major economic and social development opportunities, offering a fast and efficient service connecting directly with Edinburgh and the wider Scottish rail network that will be a real alternative to the local road network.

- **Station Improvements**

The Scottish Government provided investment of £5.27 million to facilitate delivery of works for station and car park enhancement projects. ScotRail has completed delivery of enhancement works at Keith and Ladybank, and, in alliance with Network Rail, has delivered car park expansions at Irvine and Bathgate station. Station enhancement works at Gleneagles are nearing completion well in advance of the Ryder Cup. In addition nearly 60 train stations throughout Scotland benefited from investment identified within existing Scottish Government budgets. This has improved car parks, enhanced facilities for cyclists and upgraded toilets at stops along the network, including those feeding the world's biggest golf tournament and the Commonwealth Games.

The redeveloped Dalmarnock station is also a key element of the long-term regeneration of the East End of Glasgow. The station design won the 'Best Proposed Project' at the 2012 Scottish Design Awards in Glasgow.

- **Glasgow Subway Modernisation**

We continued to work with Strathclyde Partnership for Transport (SPT) on the Glasgow Subway Modernisation programme, for which the Scottish Government is providing up to £246 million of funding towards the estimated total costs of £287.5 million. During 2013-14, all 15 stations were given a refresh in readiness for the Commonwealth Games and three (Partick, Hillhead and Ibrox) were fully refurbished. Smartcard ticketing was introduced and work continues on procuring new trains and signalling systems. This will provide an economic boost to Scotland's biggest city.

- **Trunk Road Improvements**

It is estimated that Aberdeen Western Peripheral Route / Balmedie-Tipperty (AWPR/B-T) alone will generate over £6 billion additional income for the North East of Scotland (at 2004 prices) and over 14,000 jobs are expected to be generated over the first 30 years after the scheme opening. Contract awards were made and construction commenced for the A82 at Pulpit Rock and Crianlarich, the A75 at Dunragit and at Hargrove to Kinmount, and on the A77 at Symington and Bogend Toll. This represents a total investment of £51.4 million.

- **Dualling Programmes**

During 2013-14, we published an Environmental Report following the Strategic Environmental Assessment for the A9 dualling project. Other environmental work completed for this project includes a strategic flood risk assessment and a landscape character assessment. We have also worked with stakeholders to identify key environmental issues and principles that, along with the Environmental Report, will inform the future development of the A9 programme.

- **Haudagain Roundabout**

The announcement of a Spring 2018 opening date for the Aberdeen Western Peripheral Route allows the planning and design of upgrades to Haudagain Roundabout to progress. Transport Scotland is working closely with Aberdeen City Council to shape plans for the redevelopment of the surrounding Middlefield area and improve this strategic road junction. This continues to attract public interest as designs emerge and the opportunities offered by the redevelopment are identified.

### **Increased safety, more innovation**

- **Trunk Road Improvements**

Road safety will be improved along the M8 corridor through a reduction of traffic on local roads and by reducing lane changing and weaving. Road space will be made available and infrastructure provided to support sustainable transport initiatives.

Safety on the A77 between Spittalhill and Dutch House Roundabout is also being improved by removing the opportunities for conflicting vehicle movements and by closing the central reservation crossing points and building two new overbridges. These improvements, undertaken as part of the A77 Symington and Bogend Toll improvements, should reduce the number and severity of accidents.

Improvements will be made to bypass the village of Crianlarich on the A82. The works on the A75 at Dunragit will also offer safer opportunities for overtaking traffic.

- **Access for All programme**

Working in partnership with the Department for Transport and Network Rail, £41 million was invested to make 19 Scottish stations step free and accessible for disabled and other passengers through the Access for All programme. The first phase of the programme, runs from 2006 to 2014 and a second phase will be delivered over the next five years. The programme has also supported over £6 million of investment for a programme to deliver smaller access improvements across the rail network in partnership with ScotRail. This complements other major investments such as at the Waverley Steps, which open up the use of public transport to everyone.

- **Wi-Fi**

Trains operating on the main inter-city routes between the seven cities of Glasgow, Edinburgh, Aberdeen, Dundee, Perth, Inverness and Stirling have been fitted with free Wi-Fi.

Free Wi-Fi has also been rolled out at some ScotRail stations across the country improving digital connectivity for passengers.



- **A9 Safety Group and A9 Average Speed Cameras**

The multi-agency A9 Safety Group entered its second year since being set up in 2012. The main aim of the group is to work together to explore any potential measures to help reduce road casualties, both before and throughout the A9 dualling programme. As part of this work, the Minister for Transport and Veterans announced the Safety Group's recommendation that an average speed camera system be delivered on the route. Average speed cameras have a proven track record of reducing casualties and excessive speed on routes where they have been deployed.

The camera system will operate between Dunblane and Inverness. It is expected to cost in the region of £3.4 million and will be delivered in 2014. In addition, we announced in December 2013 plans for a 50 mph Heavy Goods Vehicle pilot speed limit to be introduced on the route at the same time as the average speed cameras. The Agency is also undertaking vegetation clearance, carriageway maintenance and new barrier work. These initiatives are just part of the many engineering, enforcement and education measures being introduced to improve the safety and operation ahead of dualling.

- **Speed Limit Zones**

On safety, the Minister for Transport and Veterans announced that the towns and villages of Maybole, Largs, Biggar, Langholm and Oban were to benefit from a proposed pilot 20 mph speed limit zone. These five communities were selected by taking into account accident rates, vehicle speeds and traffic data in the area. The pilot will run for three years and will help identify the benefits of lowering speeds in such areas where this is appropriate. Consultation on the pilot began in early 2014 with the 20 mph zones planned to be in place summer 2014.

### **Continuously improving performance and organisation**

- **Rail Improvements**

The Office of Rail Regulation published their final determination of the regulatory outputs and funding requirement for Network Rail in Scotland for April 2014 to March 2019. This key milestone confirmed the affordability of the Scottish Government's transformative programme of investment in Scotland's railways. Network Rail will now focus on delivering improvements to the rail infrastructure in Scotland that will support new and improved services for passengers and increased levels of performance and reliability.

- **ScotRail and Sleeper Franchise**

The procurement of both the ScotRail and Sleeper franchises continues to progress in line with planned timescales. Bids for the Sleeper franchise were submitted in December 2013 and the successful bidder announced in May 2014. The draft Invitation for Tender for the ScotRail franchise was published in November 2013 with a focus on placing the passenger at the heart of Scotland's railways. This includes a commitment to end above inflation increases in regulated fares and real-term reductions in off-peak fares from 2016.

- **Pollokshaws Station**

The Glasgow station's B-listed buildings have recently been converted into a new cycling resource centre following £135,000 worth of funding from the Stations Community Regeneration Fund project. The centre provides a range of services including low cost cycle repairs, cycle hire, park and ride facilities for cyclists, on-site coffee shop, and cycling education programmes.

- **Dundee Station Redevelopment**

Dundee City Council is substantially refurbishing Dundee station passenger facilities as part of its Waterside Development. A key driver in the station development is the high profile opening of the adjacent Victoria and Albert Museum scheduled for autumn 2016. The anticipated cost of the project is £17 million. The Scottish Government provided a grant of £1 million in 2012 and is providing further funding of £3.3 million. A temporary station entrance was opened in November 2012 and demolition works of the previous station entrance have commenced.

- **SQUIRE Report card**

Transport Scotland's Service Quality Incentive Regime (SQUIRE) measures 36 different areas, which affect rail passengers' travel experience from toilet cleanliness to ticket vending machines.

The annual evaluation of ScotRail services and facilities at stations and on trains shows marked improvement across key areas and financial penalties paid by the train operator have fallen for the fourth year in a row.

The most recent National Passenger Survey highlights that continuous improvement and overall passenger satisfaction with ScotRail is up by one per cent to equal its highest ever level of 90%. The rating is also eight per cent higher than the UK average for train operators.

- **Fares**

Under the Franchise Amendment Agreement which extended the ScotRail franchise to March 2015, ScotRail's fares shall increase by no more than Retail Price Index (RPI) in January of each year based on the July RPI of the previous year. Previously ScotRail were able to increase regulated fares by up to RPI plus 1%. However Scottish Ministers have negotiated a fares cap with ScotRail which means that peak fares increases will be capped in January 2014 and 2015 to RPI. Off peak fares will also be frozen provided RPI remains below 3.5% per annum for the remainder of the franchise.

Rail fares for more than a quarter of a million journeys per year were cut after Transport Scotland and ScotRail worked together to tackle 'anomalies'. The new pricing structure has removed more than 1,500 inconsistencies and has resulted in easier access to the cheapest fare for passenger journeys.

- **Transport Scotland 2014 Event Preparations**

The Agency's on-going investment in infrastructure and services aims to support a fully integrated transport system which allows people to travel the length and breadth of the country. The projects undertaken to support major events in 2014 will leave a lasting, beneficial legacy for the whole nation. Transport Scotland is also working closely with partners to ensure that end to end connections are available between all the major airports, railway stations or ports and the major 2014 event venues.

As part of infrastructure planning all of the Transport Scotland projects supporting the Commonwealth Games are now complete, with the re-opening of Dalarnock Station in December 2013. The station will play a vital role as a Games transport hub. We are also assisting with Ryder Cup transport plans including a park and ride strategy that will see shuttle transport provided from three key sites. There will also be dedicated travel services by train or shuttle buses from major cities.

- **Commonwealth Games Stations (Glasgow)**

Major investment included a £2 million programme of improvements by ScotRail at 23 stations across Strathclyde, including Charing Cross, High Street and Queen St Low Level in the city. This investment will deliver improvements for commuters and a fresh look for the city's busiest stations ahead of the Commonwealth Games.

- **Social inclusion and volunteering**

Transport Scotland continues to engage with local schools to deliver practical 'world of work' experiences and 'mock interviews' to young people. Transport Scotland staff are Partner in Business mentors via the Career Academies UK charity.

### **Better Journey Times, better reliability, quality and accessibility**

- **M8 / Aberdeen Western Peripheral Route / Balmedie -Tipperty**

It is estimated that improvements to the M8 and associated connections to the M73 and M74 will reduce journey times by up to 18 minutes at peak times for vehicles using the busiest sections of the road each day, while AWPR/B-T will cut journey times across Aberdeen by half when complete in spring 2018.

- **A82 Road Improvements**

Building on earlier environmental surveys, Transport Scotland is progressing route option development of the A82 along Loch Lomond between Tarbet and Inverarnan. The scenic importance of the area as well as the difficult terrain presents unique challenges to design and construction. The Crianlarich Bypass and the changes at Pulpit Rock will also improve journey times and journey time reliability on the A82 once construction is completed in 2014.

- Edinburgh Glasgow Improvement Programme**  
 The Edinburgh Glasgow Improvement Programme continues to move forward with construction on site across the corridor. Electrification of the Cumbernauld line commenced in February 2013 and was completed for the Commonwealth Games. The redeveloped Haymarket Station opened to a positive response in December 2013.
- Timetables**  
 ScotRail introduced more Sunday services on the Dunblane to Edinburgh, Perth to Edinburgh and Glasgow to Edinburgh (via Airdrie to Bathgate) routes. Also four additional Sunday services were introduced on the Fife circle. In addition, following on from the success of the Paisley Corridor Improvements (PCI) extended timetable, Saturday services to Irvine were rolled out to Ayr.
- Kessock and Erskine Bridge**  
 The £13.2 million A9 Kessock Bridge Resurfacing and Vehicle Barrier Replacement Contract commenced on 11 February 2013. The contract was planned to be carried out in two phases to be completed by the end of June 2014 to avoid peak tourist traffic in July and August 2014. The £5.5 million A898 Erskine Bridge Vehicle Barrier Replacement Contract commenced in July 2013 for completion by end of May 2014. During the first phase of the contract between July and September 2013 road surfacing repairs were carried out overnight thus avoiding delays at peak times and weekends. This work builds on the previous parapet upgrading works to bring the bridge up to date for use by modern traffic.
- The Forth Road Bridge Bill**  
 The Forth Road Bridge Bill received Royal Assent in June 2013, and at the same time became the 200<sup>th</sup> Act of the Scottish Parliament. The Bill brings the road over the Forth Road Bridge under Scottish Government's management. It transfers the property and liabilities of the current operators, the Forth Estuary and Transport Authority (FETA) to the Scottish Government, and dissolves FETA. The road bridge will continue to be in use for public transport, cyclists and pedestrians.

The Bill also provides for the Scottish Government to contract for a single operating company for the management and maintenance of the Forth Road Bridge, the new Queensferry Crossing, and the adjacent road network. Estimated savings of £6 million over five years from the opening of the Queensferry Crossing are expected as a result of twin bridge management of the crossings.

The tendering process for this £60 million contract was launched in July 2013 through an Official Journal of the European Union (OJEU) notice. We have subsequently invited three consortia to participate in competitive dialogue.

- **Forth Bridges Forum Photo Competition**

The Transport Scotland led Forth Bridges Forum hosted a photo-competition to identify the best viewpoints of the Forth (Rail) Bridge to support the Forth Bridge's application for World Heritage Status. The competition attracted 250 entries from across Scotland and Europe. The World Heritage application was submitted to UNESCO's office in Paris in January 2014 on behalf of the Scottish and UK Governments.

- **Smart Ticketing**

The Concessionary Travel and Integrated Ticketing Unit (CTITU) completed a significant project involving the three year roll out of smart technology and equipment across the entire Scottish bus fleet. This helps support the effective management of the concessionary fares scheme. During 2013-14, Transport Scotland improved the service received by concessionary travel customers and enhanced existing anti-fraud measures such as hotlisting.

The bus industry also welcomed the introduction of the smart technology roll out. Key achievements include continued safeguard of the availability of the national concessionary travel scheme for older and disabled people. In 2013-2014, Transport Scotland commissioned the first major customer feedback exercise on the concessionary travel scheme. The findings indicated high customer satisfaction levels. Phase one research results are available on the Transport Scotland website. Phase two of the study was completed at the end of March 2014 with the results due to be published later this year.

Transport Scotland revised the payment regime for the Bus Operator Grant (BSOG). This was supported in legislation through the introduction of The National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2013, which came into force on 1 April 2013.

- **Ferries - Roll-out of Ferries Plan and Road Equivalent Tariff (RET)**

2013-14 saw the roll-out of the Scottish Ferries Plan, including pilot services starting on the Ardrossan-Campbeltown route and the Mallaig-Lochboisdale route. Other improvements include the provision of a second vessel for Arran during the summer timetable and enhanced services to Barra, South Uist, Coll and Tiree during the winter months.

Road Equivalent Tariff (RET) fares continue to be rolled out with services to Islay, Colonsay and Gigha benefitting from October 2013, bringing cheaper fares for residents and visitors alike.

- **Traffic Scotland / Social Media**

Traffic Scotland continues to evolve as a key source of traffic information about events that impact on the Scottish strategic road network and beyond. We are making full use of all the available technology to get the message across. The Agency is focussed on providing accurate, reliable and timely information to users whether at home or on the move, to keep them well informed about their travel options.

As of February 2014 the Traveline Scotland/Traffic Scotland smartphone application had nearly 400,000 users and the Traffic Scotland Twitter Account over 49,000 followers. The latter has proved particularly popular as a way of updating users in real time. Traffic Scotland has focussed on enriching that content by embedding photographs, “audio boo” sound files and re-tweeting other key travel updates. The service as a whole continues to grow in popularity. It is particularly useful when dealing with rapidly changing conditions during extreme winter weather. Traffic Scotland internet, radio service and Twitter are used to process quick updates with input direct from the Multi Agency Resilience Team. During December 2013 our radio service had 100,000 users.

### **Low Carbon Technology and Infrastructure, Reduced Emissions**

- **Reduced Emissions**

The Agency published ‘Switched On Scotland: A Roadmap to Widespread Adoption of Plug-in Vehicles’ on 12 September 2013, which sets out a vision that by 2050, Scotland’s towns, cities and communities will be free from the damaging effects of petrol and diesel fuelled vehicles. The document also contains a number of actions to drive forward the uptake of plug-in vehicles in Scotland.

- **Electric Vehicles**

Electric vehicles (EVs) are a central part of the Scottish Government's commitment to almost completely decarbonise road transport by 2050. Plans to create a high powered interoperable network of EV charging facilities across Scotland are well underway, with work continuing on the free installation of charging points in domestic properties, at workplaces, local authority car parks and at intervals of no more than 35 miles to support the trunk road network. Charging points are also being installed at ferry terminals in order to connect EV drivers on the Scottish islands. The Scottish Government's Charge Place Scotland web pages detail the locations of all the charging points, provide details of financial help to get an EV on the road and all the benefits of joining the EV revolution. Some 500 points have been installed so far, approximately 300 of which can be found in publicly accessible locations. Expenditure has totalled £10 million since 2010-11.

- **Greener Travel**

We continue to operate Freight Mode Shift Grant schemes which aim to encourage the transfer of freight from road to the greener alternatives of rail or water. In 2013-14 we provided £0.8 million of Mode Shift Revenue Support grant funding to support 11 rail-freight flows.

- **Sustainability Report**

During 2013-14 Transport Scotland published their second Sustainability Report, which provided a snapshot of operational carbon emissions during 2012-13. An updated Carbon Management Plan was also published and practical actions implemented to further reduce corporate carbon emissions. This included the purchase of an electric vehicle for business travel and promoting the increased use of virtual meeting technology.

- **Climate Change Adaptation**

On Climate Change Adaptation, the Agency produced objectives, policies and proposals for the transport sector, which were embedded into the draft Scottish Adaptation Programme within the Infrastructure and Built Environment theme. One specific programme action has been the assessment of vegetation growing season impacts.

- **Noise**

During 2013-14, Transport Scotland collaborated with key agencies and stakeholders to produce a draft Transportation Noise Action Plan (TNAP) for the Scottish Government, who subsequently consulted with the public on the TNAP.

- **Air Quality**

Transport Scotland have collaborated with key agencies and public bodies in Scotland to improve air quality through the Scottish Urban Air Quality steering group and the Scottish Transport Emissions Partnership (STEP). The Agency co-chaired a Low Emissions Summit in July 2013 and led the organisation of the first annual STEP conference in November 2013, where stakeholders discussed a Low Emission Strategy for Scotland. A pilot rotating sensor programme was also implemented to measure trunk road air quality emissions.

- **Climate Change mitigation**

Transport Scotland's carbon management system has been utilised on various major road project schemes, including the Forth Replacement Crossing and the A77 Symington and Bogend Toll Improvements.

Through participation in the Sustainability through Environment, Nature, Community and Enterprise (SENCE) group, we have collaborated with key agencies to develop an e-learning foundation module on climate change.

- **Environment**

The annual Carbon Account for Transport was prepared, which presents the impact of all Scottish transport policies and projects that are expected to have a significant impact on carbon, whether positive or negative.

- Road Safety**

Transport Scotland commissioned a review of the extent to which “A Guide to Improving School Transport Safety”, issued in 2010, has been used by local authorities, and how useful it is. The final report in relation to the Review was published on the Transport Scotland website on 5 March 2013. In addition, workshops were run in September and October 2013 to assist local authorities with developing appropriate approaches to school transport safety.
- Scottish Green Bus Fund**

Grants amounting to £2.5 million were announced in February 2014 as part of the fourth round of the Scottish Green Bus Fund. The Fund aims to encourage the adoption of low carbon buses thus contributing towards the decarbonisation of road transport, and stimulate demand for green technology in Scotland. The fourth round funding will assist three bus operators to purchase 44 low carbon buses, which will come into operation as part of Scotland’s bus network by the end of March 2015. Since it was introduced in 2010, the Fund will have assisted operators in purchasing 138 new low carbon vehicles.
- Bus Service Operators Grant**

The arrangements for the Bus Service Operators Grant came into effect from April 2012, incorporating incentives to use fuel more efficiently and for running low carbon vehicles. The temporary incentive for services using sustainable biodiesel during 2012-13 was replaced with a continuing incentive designed to offset additional costs of sustainable biodiesel compared with conventional diesel.
- Achievements/Analysis**

Transport investment decisions are underpinned by detailed analysis and planning, reflecting the economic benefits, environmental factors involved as well as safety, integration and accessibility.




An on-going programme of research and analysis is used to inform transport policy and priorities.














**The table on pages 16-19 summarises Transport Scotland’s performance against its corporate objectives for the year.**










































## CORPORATE PLAN DELIVERY 2012-2015


































Our Corporate Plan for the years 2012-15 committed transport Scotland to delivering a number of key achievements. Progress over the last three financial years has been as follows:-

-  - Achieved (for tasks which have achieved their target end date)
-  - Progressing (tasks which are considered on-going or have future end dates)
-  - Data Currently Being Analysed (projects at the initial or inception phase)

No.	Corporate Plan Delivery Commitments 2012-15	2011/12	2012/13	2013/14
<b>Improved connections across Scotland and internationally</b>				
1	Continue and monitor construction of the Forth Replacement Crossing as programmed.			
2	Work with colleagues in Scottish Government and with Planning Authorities to deliver our Development Planning responsibilities			
3	Develop a future transport infrastructure programme in line with recommendations of the Strategic Transport Projects Review			
4	Work alongside the City of Edinburgh Council to deliver the Edinburgh Trams project			
5	Continue to progress the Aberdeen Western Peripheral Route (AWPR) and the A90 Balmedie to Tipperty projects and design work to improve Haudagain roundabout			
6	Continue construction of the Borders Railway			
7	Drive forward objectives for cross-border High Speed Rail			
8	Continue to enhance rail and road connections in the Highlands including key connections to Inverness and planning for the dualling of the A9 between Perth and Inverness by 2025, and the A96 by 2030.			
9	Continue to develop and improve railway stations			
10	Contribute to the development of the modernisation programme for the Glasgow Subway			
11	Work with aviation and maritime sectors to maximise connections and contribution to the Scottish economy			
12	Progress the M8 Baillieston to Newhouse, M8 Associated Networks Improvements and M74 Raith Interchange			

13	Continue to deliver ferry services to the Northern Isles and Clyde and Hebrides including roll out of RET in line with published plans			
14	Work with ports industry and stakeholders to maximise opportunities arising from manufacturing, deployment and operations and maintenance of offshore renewable devices.			
15	Take forward the progress with the A737 Dalry bypass project and develop the design for Maybole bypass.			
16	Take forward the procurement and construction of the A75 Dunragit Bypass scheme			
<b>Better journey times, better reliability, quality and accessibility</b>				
17	Continue to maintain operate an improve the trunk road network to a high standard, to maximise value for money, to provide a high quality service to the travelling public keeping disruption to a minimum			
18	Procure and deliver contracts to manage and maintain the trunk road network in the west (2012) and East (2014) of Scotland			
19	Continue to progress improvements to the A82 including Crianlarich bypass and Pulpit Rock, and the design work to upgrade the A82 Loch Lomond. Continue to progress improvement on the A96 Inveramsay Bridge			
20	Work with rail industry to undertake reviews of timetables to reduce journey times and improve train service frequencies			
21	Work with Network Rail to deliver the Edinburgh-Glasgow Improvements Programme			
22	Extend and enhance the systems underpinning Traffic Scotland and Traveline Scotland to improve the delivery of travel information and trunk road traffic control.			
23	Work with transport operators, Regional transport partnerships and local authorities to deliver Smart ticketing across Scotland			
<b>Low carbon technology &amp; infrastructure, reduced emissions</b>				
24	Provide more sustainable public transport alternatives to the private car and continue to manage the Concessionary Travel Schemes efficiently and effectively			
25	Contribute to the development of Glasgow Fastlink core bus scheme in advance of the Commonwealth Games			
26	Work with rail industry to develop electrification programme			

27	Improve rail journey times between our main cities			
28	Work with freight industry to ensure that the movement of freight through the entire supply chain is efficient and sustainable, on an integrated and flexible transport infrastructure			
29	Demonstrate environmental sustainability through the delivery of environmental protection, community benefit and climate change mitigation/adaptation across our operations, projects and maintenance activities.			
<b>Increased safety, more innovation</b>				
30	Work jointly with partners to achieve Scotland's casualty reduction milestones for 2015, and to take forward the action plan set out in Scotland's Road Safety Framework to 2020			
31	Continue to develop and introduce innovative ways of improving the transport networks, for example overtaking lanes and flyover junctions			
32	Provide a range of safety enhancements on the A9 and on the A75 and A77 routes serving the key ferry terminals to Ireland			
33	Work with bus operators to deliver quality and innovation			
<b>Continuously improving performance and organisation</b>				
34	Work closely with partners including all Scottish Local Authorities and Regional Transport Partnerships to deliver integrated transport solutions which support the SG Purpose and local and national outcomes			
35	Work with UK Government and wider rail industry bodies to ensure efficient and affordable outcomes for Scotland for both devolved and reserved issues, including accessibility, European issues and safety policy			
36	Work with key stakeholders on the National Roads Maintenance Review focussing on delivering efficiencies in managing the Scottish road asset			
37	Manage delivery of the National Transport Strategy			
38	Manage and monitor the delivery of transport services through appropriate contractual mechanism			
39	Specify and deliver ScotRail franchise agreement for passenger services from 2014 onwards			

40	Work with Scottish Canals so that it can maximise its cross cutting contribution to the SG Purpose and national outcomes.			
41	Work with Office of Rail Regulation and industry to develop proposals on delivering a sustainable, integrated railway in Scotland.			
42	Improve resilience across the transport networks			
43	Improve Business processes			
44	Ensure that equalities and cultural issues underpin all of Transport Scotland's activities			
45	Ensure effective implementation of the reforms to the Blue Badge Scheme, including associated legislation and support materials including a new on-line application form, revise leaflets and Code of Practice for local authorities.			
46	Continue to support Mobility and Access Committee Scotland (MACS) and Passengers' View Scotland in promoting increased accessibility and providing advice to Ministers from the passenger perspective.			
47	Develop and deliver a programme of transport statistics collection, analysis and publication, and for Transport Social and Economic Research.			
48	Deliver an evidence base to inform the development of effective Scottish transport policy including a Transport Social and Economic Research Programme.			
49	Deliver efficient operation in line with Efficient Government and the SG Workforce 2015 programme and People Strategy.			
50	Facilitate robust investment planning and decision making processes			

## SUSTAINABILITY REPORT






Transport Scotland must demonstrate compliance with public bodies climate change duties that support the Scottish climate change legislation (Climate Change (Scotland) Act 2009). Our public bodies duties include operational activities such as energy use in offices and official travel. Transport Scotland include this information as part of the Annual Report and Accounts.

The Sustainability Report 2013-14 sets out progress in meeting Transport Scotland's Carbon Management Plan (CMP) 2011-13. The report itself covers the financial year 2013-14.

Transport Scotland's overall and absolute target for the reduction of emissions is 16% by 2015-16. This is challenging but realistic. The overall target for 2015-16 can be analysed as follows:-

- business travel emissions – a reduction of 19.4% from the baseline
- commute travel emissions - a reduction of 7.8% from the baseline
- office energy emissions – a reduction of 6.1% from the baseline
- office waste emissions – a reduction of 25% from the baseline

Detail of current progress is provided below in the three main areas of energy, travel and waste.

Element	Metric	Baseline in 2010/11	Actual in 2012/13 <sup>1</sup>	Actual in 2013/14	% change compared to previous year	Indicator	
<b>Total Emissions</b>	-	kg/CO <sub>2</sub> e	<b>724,698</b>	<b>688,770</b>	<b>714,358</b>	<b>4%</b>	
<b>Energy (Scope 1&amp;2 GHG emissions)</b>	<b>Electricity (BH)</b>	kg/CO <sub>2</sub> e	<b>315,768</b>	<b>313,774</b>	<b>318,670</b>	<b>2.7%</b>	
	<b>Gas (BH)</b>	kg/CO <sub>2</sub> e	<b>221,376</b>	<b>220,539</b>	<b>176,100</b>	<b>-20%</b>	
<b>Travel (Scope 3 GHG emissions)</b>	<b>Business Travel</b>	kg/CO <sub>2</sub> e	<b>186,547</b>	<b>152,052</b>	<b>217,180</b>	<b>42%</b>	
<b>Waste</b>	<b>Waste</b>	kg/CO <sub>2</sub> e	<b>1,097</b>	<b>2,405</b>	<b>2,408</b>	<b>0.1%</b>	

Our corporate emission equates to business travel, office energy consumption and office waste as defined in our Carbon Management Plan. The table above combined with the text below offers a snapshot of our corporate emissions performance for the financial year 2013-14, with fuller details to be provided in our forthcoming Sustainability Report 2013-14.

In 2013-14 there has been a 4% increase in Transport Scotland operational emissions, as a result of increased business travel flights.

### Energy

<sup>1</sup> kg/CO<sub>2</sub>e figures are based on the DEFRA 2012 GHG conversion factors.

The utilities information above is specific for Buchanan House (BH) only. A large decrease is evident for gas and a minor increase in energy consumption which can be attributed to the introduction of electrical charging points for cars at Buchanan House. Total energy emissions are still below the baseline of 2010-11.

### **Travel**

Emissions from business travel have increased by 42% compared to the previous financial year. Emission reductions were achieved for bus (down 41%), rail (down 9%), taxi's (down 18%) and underground (down 70%). Flights increased substantially (346%) as a result of long haul international flights necessary to support the delivery of major infrastructure projects.

### **Waste**

Waste production increased by 0.1%.

## FINANCIAL STATEMENTS

The financial statements cover the period from 1 April 2013 to 31 March 2014. They have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000, and in accordance with The HM Treasury Financial Reporting Manual (FRoM). As Transport Scotland is an executive agency of the Scottish Government, the financial statements are consolidated within the Scottish Government Consolidated Resource Accounts.

The Accountable Officer authorised these financial statements for issue on 26 August 2014.

Transport Scotland's Annual Review and Accounts are published on the Agency website at: [www.transportscotland.gov.uk](http://www.transportscotland.gov.uk), and the Scottish Government Consolidated Resource Accounts at [www.scotland.gov.uk](http://www.scotland.gov.uk).

### **Significant accounting policies**

Those areas of Transport Scotland's financial statements where accounting judgements have significant impact are outlined below:

- **Valuation of the Road Network**

The road network is valued on the basis of current replacement cost, adjusted to reflect the current condition of the road component and the depreciation of structures and communications assets. To produce this valuation requires the use of assumptions, estimates and professional judgement. The model used to produce the valuation is known as the UK Asset Valuation System (UK-AVS), run by a firm of external consultants (WS Atkins) and uses a series of standard costs to value the individual components of the network asset and indices to revalue these on an annual basis.

- **Recognition and the valuation of provisions**

Due to the long term nature of Transport Scotland's road and rail improvement schemes certain assumptions and judgements are required to be made relating to provisions for the estimated cost of land acquisition and compensation claims that are based on a variety of data sources and experience.

- **Public Private Partnerships (PPP) – the balance of control**

Transport Scotland has three Public Private Partnerships (PPP) agreements in the form of Private Finance Initiative (PFI) contracts (M77 - Connect, M74/M6 – Autolink and the M80 Highway Management). These arrangements meet the definition of Service Concession Arrangements in accordance with the disclosure requirements of IPSAS 32 The private sector operators are contractually obliged to provide the services related to the infrastructure to the public on behalf of the public sector. Transport Scotland retains overall control of the related assets and these assets are accounted for on Transport Scotland's Statement of Financial Position (SFP). The contracts are for fixed terms of thirty years and annual payments are made to the respective Service Concession Contractors in the form of a unitary charge payment stream



Transport Scotland also has a Public Private Partnership (PPP) agreement in the form of a Non-Profit Distributing (NPD) contract for the M8, M73 & M74 Motorway Improvements Project with Scottish Roads Partnership (SRP). This arrangement meets the definition of a Service Concession Arrangement in accordance with the disclosure requirements of IPSAS 32. SRP are contractually obliged to provide the infrastructure and related services to the public on behalf of Transport Scotland, who will retain overall control of the related assets and account for them on the Statement of Financial Position (SFP). The NPD contract is for a fixed term of thirty years and annual payments will be made to the Contractor in the form of a unitary charge payment stream over that period.

Transport Scotland has reviewed the degree of control exercised by each of the parties in its existing PPP contracts in terms of the guidance in the accounting standard. In each case it has concluded that the degree of control which it retains as the public sector entity granting the concessions is such that satisfies the requirements that the related assets created are required to be accounted for in its Statement of Financial Position in terms of that guidance

For details of the differences between NPD and PFI contracts, see the Scottish Futures Trust website at [www.scottishfuturestrust.org.uk](http://www.scottishfuturestrust.org.uk)

### **Rail infrastructure in Scotland**

Transport Scotland has responsibility for specifying and funding rail infrastructure in Scotland. First ScotRail has been operating rail services under the Franchise Agreement since August 2004 and has been exceeding contract performance benchmarks. Scottish Ministers activated a provision under the terms of the original agreement to extend the First Scotrail Franchise to 31 March 2015. In extending the contract, Scottish Government is providing continuity for the on-going delivery and improvement of rail services in Scotland.

The regulatory control period (CP4) ended on 31 March 2014. A final determination of Network Rail's outputs and funding requirements for CP5, commencing from 1 April 2014, was published by the ORR in October 2013 and formally accepted by Network Rail on 7 February 2014.

In December 2013 the Office for National Statistics (ONS) announced that Network Rail would be reclassified as a central government body from 1 September 2014. The financing and structure of railways in Great Britain is generally a reserved matter, therefore, any decision making powers with respect to Network Rail currently lie with the UK Government. Detailed discussions around the implications for accounting, budgeting and corporate governance are currently on-going. The working principle for the UK Government is that the CP5 determination will be unaffected and there will be minimal change in the current arrangements for Network Rail mainly around ensuring compliance with reclassification, in particular around accountability and scrutiny.



Major rail projects, which are capital in nature, are funded by Transport Scotland in the form of payments to Network Rail to finance our share of their Regulatory Asset Base (RAB). However, as the control of the economic benefits arising from the use of these assets does not ultimately lie with Transport Scotland, the assets in question are accounted for on Network Rail's balance sheet/Statement of Financial Position.

### **Edinburgh Trams**

Transport Scotland paid a grant to the City of Edinburgh Council in respect of work done on the Edinburgh Trams project in accordance with the grant agreement. To the end of 2013-14, Transport Scotland has paid the total £500 million of agreed funding. The first fare paying service commenced on 31 May 2014.

### **Funding**

Resources to fund Transport Scotland's day-to-day costs and capital investment programme were allocated in accordance with the Scottish Government Spending Plans and Draft Budget 2013-14 which authorised both the Scottish Government's and Transport Scotland's spending plans for the financial year 2013-14.

Private sector funding under Public Private Partnership arrangements is also considered for major infrastructure schemes. The choice between public and private funding is governed by suitability for alternative forms of finance (including Value for money (VFM) as well as availability). The business cases will usually demonstrate the VFM of a scheme in its own right as opposed to the VFM of different potential funding routes. The policy decision by Ministers set out in the Draft Budget 2014-15 is to maximise investment by utilising all available forms of finance (whilst working within their 5% affordability envelope for revenue financed schemes) in light of significant capital constraints. However, alongside that, an assessment will be made as to what is suitable for other forms of investment. So, for example, we know that smaller road capital schemes are not suitable for NPD financing but we do not normally specifically state that in the business cases.

Rail major projects may also be funded by borrowing through Network Rail, through the Regulatory Asset Base (RAB). This is a recognised method for funding rail projects and it will play a part in the rail programme for Transport Scotland during the contractual period ending in 2014. The ORR will make the final decision on whether rail investment can be added to the RAB or not, and it has rules it applies around that. The previously mentioned re-classification of Network Rail will have minimal impact on this within CP5.

### **Financial performance and use of resources**

Transport Scotland was allocated resources by the Scottish Ministers, within the Scottish Budget 2013-14, of £1,979 million for 2013-14 (2012-13: £2,060 million). A breakdown of this figure can be seen in the table overleaf.

A total of £1,937 million was funded from the Scottish Government Departmental Expenditure Limit (DEL)(2012-13: £1,916 million); the negative £19 million Annually Managed Expenditure (AME) is in respect of the release of provisions relating to land compensation and damage claims in respect of the road network (2012-13 £73 million); with the remaining £61 million (2012-13 £71 million) representing funding for expenditure charged out-with DEL in respect of PFI/PPP projects. These budgets formed part of the overall budget of the Scottish Government Infrastructure Investment and Cities portfolio.

The final outturn for the year against the individual budget areas is also shown in the table below. The outturn against DEL represents an underspend of £42 million, largely due to savings on the Forth Replacement Crossing and a degree of underspend relating to the M8 Motorway Improvements project, the Aberdeen Western Peripheral Route/ Balmedie to Tipperty and the A82 Crianlarich Bypass schemes, coupled with an underspend on the non-cash depreciation budget in respect of the estimated smoothed road condition variance. These savings were partially offset by increased roads maintenance programmes during the year. The overall underspend of £30 million (2012-13: £14.18 million) represents approximately 1.6 % (2012-13: 0.7%) of the overall budget. This underspend contributed to the overall Scottish Government balanced budget position.

<b>Transport Scotland 2013-14</b>	<b>Actual £000's</b>	<b>Budget £000's</b>	<b>Variance £000's</b>
<b>Resource - Operating Costs</b>	1,014,076	1,010,106	<b>3,970</b>
<b>Resource – Investment</b>	520,549	456,807	<b>63,742</b>
<b>Non-Cash</b>	55,750	89,000	<b>(33,250)</b>
<b>Capital</b>	305,296	381,335	<b>(76,039)</b>
<b>DEL total</b>	<b>1,895,671</b>	<b>1,937,248</b>	<b>(41,577)</b>
<b>AME</b>	(5,539)	(19,000)	<b>13,461</b>
<b>Expenditure on PFI schemes (ODEL)</b>	58,933	60,752	<b>(1,819)</b>
<b>Total</b>	<b>1,949,065</b>	<b>1,979,000</b>	<b>(29,935)</b>

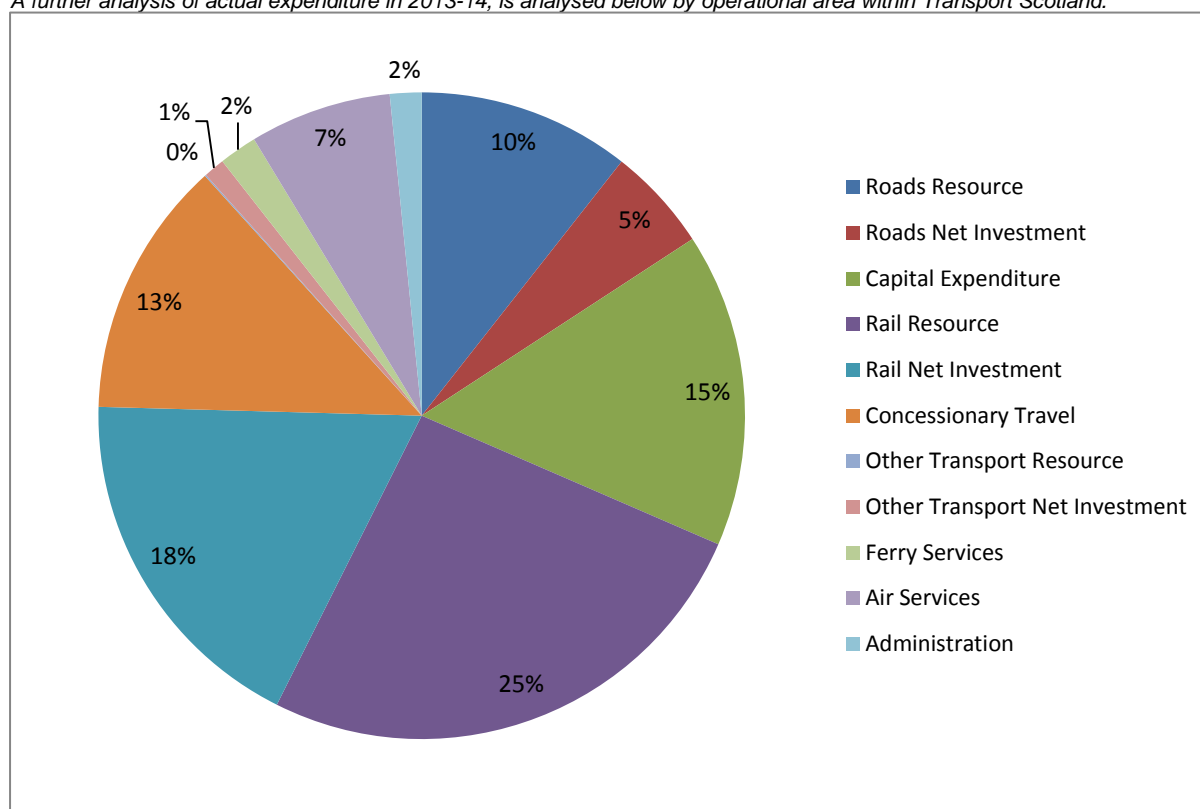
Spending is categorised as either capital or resource with separate budgetary cover for each. Resource is further sub-divided into investment in infrastructure (which although it may be capital in nature cannot be accounted for as such within Transport Scotland's accounts) and resource for consumption (operating costs). Transport Scotland has a significant infrastructure investment programme which allocates funding to our major rail and road projects as well as on-going maintenance costs in the existing road and rail infrastructure.

The figures represent Transport Scotland's out-turn against the Scottish Governments Budget for 2013-14. The Statement of Comprehensive Net Expenditure (SoCNE) on page 55, identifies net operating costs of £1,649 million. Capital expenditure is not recognised as in year expenditure within the SoCNE, but the table overleaf provides a reconciliation of outturn to SoCNE.

## Reconciliation of 2013-14 outturn with Statement of Comprehensive Net Expenditure

	<b>£000's</b>
<b>Net Operating Costs per SoCNE</b>	<b>1,649,308</b>
Add: Additions to Intangible Assets (Note 7)	0
Add: Additions to PPE (Note 6)	293,949
Add: Additions to Investments (Note 9)	12,227
Less : Disposals of Intangible Assets (Note 7)	0
Less: Disposals of PPE (Note 6)	(520)
Less: Disposals of Investments (Note 9)	(3,018)
Less : Disposals on Assets held for Sale (Note 8)	(5)
Less: De-trunkings (Note 6)	(4,062)
Add: De-trunkings depreciation (Note 6)	1,186
<b>Outturn per Management Commentary</b>	<b>1,949,065</b>

A further analysis of actual expenditure in 2013-14, is analysed below by operational area within Transport Scotland.



The majority of Transport Scotland's budget is spent, either directly or indirectly, with private sector companies. Only 2% of the budget is utilised on the on-going Agency running costs.

The total asset value of Transport Scotland is £18 billion, the majority of which relates to the trunk road network asset. Additions to the value of the asset in year reflect the further completion of Fife Intelligent Transport System (ITS) and Junction 1a which forms part of the FRC project.

## **Public Relations**

Transport Scotland has a communications team which includes in-house and contracted staff. Expenditure in this area, including relevant staff costs and costs relating to external communication, marketing, PR campaigns, media relations, marketing research, branding, design, promotional events, corporate communications, and sponsorship totalled £611,000 for the year (2012-13: £554,000).

## **Overseas Travel**

The total expenditure incurred in the year 2013-14 on overseas travel by staff in Transport Scotland, which covered travel to and from the United Kingdom, the cost of hotels, travel and subsistence and any other related expenditure was £63,000 (2012-13 £29,000).

## **Hospitality and Entertainment**

The total expenditure on hospitality and entertainment incurred by Transport Scotland in the year was £61,000 (2012-13 £42,000). This included gifts, meals, receptions or invitations to public, sporting, cultural or other events or other similar benefits.

## **External**

External consultancy services are used within Transport Scotland in some areas such as IT; specialised financial services; construction or infrastructure related services; research and evaluation and policy development services. The total expenditure incurred for the year was £3.8 million (2012-13 £3.8 million)

## **Payments with a value in excess of £25,000**

Transport Scotland publishes a monthly report of payments with a value over £25,000. The reports are published on the Transport Scotland's website: <http://www.transportscotland.gov.uk/about-us/expenditure/reports> and cover the financial years 2013-14 and 2012-13.

## **Payments with a value in excess of £500, using Government Procurement Card**

Transport Scotland is, for the first time, preparing to publish a report of payments made using the Government Procurement Card with a value over £500. This report will be available from September 2014 and will be on Transport Scotland's website: <http://www.transportscotland.gov.uk/about-us/expenditure/reports> and covers the financial years 2013-14 and 2012-13.

## **Relationship with suppliers**

Transport Scotland is committed to prompt payment of bills for goods and services received, and aims to settle all undisputed invoices within contract terms and also in

line with the Scottish Government 10 day payment policy. In 2013-14 Transport Scotland settled an average of 95% of invoices within this timescale (2012-13: 88%). The aggregate amount owed to trade creditors at the year end as a proportion of the aggregate amount invoiced by suppliers during the year, represented 8.4 days in proportion to the total number of days in 2013-14 and 3.5 days in proportion to the total number of days in 2012-13.

### **Financial Instruments**

In relation to financial instruments, an indication of the financial risk management objectives and policies and exposure to price, credit, liquidity and cash flow risks is provided in note 18 to the accounts. This information is not considered material for Transport Scotland.

### **Future Spending Plans**

The *Scottish Budget Spending Review 2014-15 to 2015-16* (SR 2013), provides detail of how our spending plans over the two years will help deliver sustainable economic growth. Transport spending lies within the Government's Infrastructure, Investment and Cities portfolio. These allocations are included in the table below for the coming financial year.

	<b>2014/15*</b> <b>£000's</b>
<i>Resource – Operating Costs</i>	922,050
<i>Resource – Investment</i>	613,500
<i>Non-Cash</i>	89,000
<i>Capital</i>	380,123
<b>Total</b>	<b>2,004,673</b>
<i>ODEL</i>	76,400
<b>Total</b>	<b>2,081,073</b>

**\*Source- Scottish Budget Bill 2014-15 (informed by allocation of SR 2013)**

### **Employees and Social and Community Issues**

Transport Scotland staff use the Scottish Government 'Skills for Success' framework which is a skills based approach to learning, development and career planning. All of which is designed to help staff manage their skills and career across the wider organisation.

We continue to embrace a programme of education engagement, where staff use their skills and experience of work to help young people in the surrounding area prepare for employment.

In procuring major contracts, Transport Scotland is at the forefront of delivering community benefits beyond those of the normal contract requirements. An example of this is the benefits to the community being delivered through the Forth Replacement Crossing project.

The main contract will provide an average of 112 employment opportunities each year over the six year duration of the contract. This is broken down into 45 vocational training positions, 21 professional body training places and 46 positions for the long term unemployed. The contract also provides scope to maximise the number of Modern Apprenticeship opportunities and there is a contractual requirement that all job opportunities have to be advertised in local job centres. Key performance indicators have also been agreed with the Principal Contractor to ensure work experience placements for further education students, support for PhD students and educational visits to the works are undertaken.

Additionally, the FRC is the first contract in Scotland to include a requirement for subcontract tenders to be advertised on the Public Contracts Scotland website to ensure Scottish firms have a fair opportunity to register an interest in available work. This has led to a growing majority of supply and sub-contract orders associated with the biggest Scottish transport infrastructure project in a generation being won by Scottish firms.

Transport Scotland is also in the forefront of delivering community benefits for the Highlands and Islands (and Dundee) in the aviation sector. Through our sponsorship and support for Highlands and Islands Airports (HIAL), airport infrastructure is provided which supports essential air services and HIAL directly employs 578 staff in those communities. We also contract three lifeline air services serving Barra, Campbeltown and Tiree which cannot be provided commercially and in addition administer the Air Discount Scheme which provides discounted air fares for the residents of some of Scotland's most remote communities making fares more affordable. Through these interventions Transport Scotland is helping to ensure the economic and social integrity of communities across the Highlands and Islands.

The contract for the provision of ferry services to the Northern Isles with Serco Ltd for a total subsidy of £234 million, actively identifies opportunities for supported businesses in the area and Serco remain committed to this principle. Their procurement manager has a direct line to the wider Serco Group procurement team and this provides opportunities for supported businesses to benefit from a much larger range of opportunities and become involved in Serco's supplier forum.

We continue to engage with local schools to deliver practical 'world of work' experiences and 'mock interviews' to young people, in tandem with 11 Transport Scotland staff becoming Partner in Business mentors via the Career Academies UK charity.

### **Equal opportunities**

Transport Scotland is an equal opportunities employer. Policies are in place to guard against discrimination and to ensure that there is no unfair or illegal discriminatory treatment or any barriers to employment or advancement. Transport Scotland is also committed to meeting its public sector duties under the Equality Act 2010.

Transport Scotland Equal Opportunities policy is that all staff should be treated equally irrespective of their sex, marital/civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, work pattern, employment

status, gender identity (transgender), caring responsibility or trade union membership. Employment and promotion are on merit on the basis of fair and open competition. Staff who work full time and those who work an alternative pattern are assessed on exactly the same basis.

Transport Scotland follows the Scottish Government Diversity Delivery Plan, published in 2008, which supports the wider Civil Service Diversity Strategy in its drive to mainstream equality and diversity in every aspect of its business. This is further supported by our Fairness at Work Policy. This includes changing behaviours and culture to create a fully inclusive Civil Service, confident in its diversity; promoting strong leadership and clear accountability for delivering diversity; attracting, keeping and developing talent from all areas of society; and becoming representative of the society we serve, at all levels.

The breakdown for the financial year, of the number of persons of each gender employed within the agency is as follows:-

<b>Gender</b>	<b>Senior Manager</b>	<b>Employees</b>	<b>Total</b>
Female	1	144	145
Male	8	247	255

The Department for Work and Pensions is responsible for developing, formulating and promulgating equal opportunities guidance for the Civil Service as a whole, but operational responsibility rests with individual departments. Transport Scotland has access to the Scottish Government Equal Opportunities Officer who is responsible for developing and promulgating equal opportunities and diversity policies.

### **Environmental Matters**

Transport makes a key contribution to Scotland’s wellbeing: economically, environmentally and socially. An efficient transport system is essential for enhancing productivity and delivering faster, more sustainable growth in a low carbon economy. Ongoing investment in networks connects regions and individuals to economic opportunities, creating a more cohesive Scotland with increased social equity.

Transport Scotland invests almost all of its allocated resources in maintaining and improving Scotland’s strategic transport networks, (96% of its £2 billion budget), supporting over 25% of civil engineering contracts in Scotland. Investment across all transport modes, in operation, maintenance and specific infrastructure construction supports over 12,000 jobs.

Transport Scotland is also seeking to embed sustainability in every aspect of construction works and is committed to recycling materials and works with contractors to identify opportunities to minimise materials imported/exported from construction sites. Transport Scotland plans and performance in terms of sustainability throughout the year are detailed in the report on pages 20-21.

## **Sustainable Growth**

Transport has a crucial role to play in contributing to the Scottish Government's Purpose of sustainable economic growth, by supporting the targets set out in the Climate Change (Scotland) Act and the aims of the Second Report on Proposals and Policies (RPP2), published in June 2013.

Investment is set within a hierarchy which also promotes sustainable growth by seeking to maintain and safely operate the assets we already have, then to make best use of those assets, and finally to target infrastructure improvements. Last year, there were over 83 million passenger journeys on Scotrail Services, a growth of over one third since the start of the Franchise in 2004. This was supported by a number of improvements to the network and services including electrification of the Paisley Canal line – successfully completed on time and below cost estimates – the opening of Conon Bridge station and enhanced services on routes between Glasgow and Ayrshire.

In addition, we have continued to support the development of cycling and walking infrastructure, alongside the promotion of active travel, working with partners (including Sustrans, Cycling Scotland and local authorities) to deliver the Cycling Action Plan for Scotland and enable progress towards its ambitious vision of 10% of everyday journeys by cycle by 2020.

We continue to promote alternatives to private car travel, e.g. through grant funding to CarPlus to develop a network of car clubs across Scotland, and grant funding to the Energy Saving Trust to promote fuel efficient driving as well as work with organisations and businesses to encourage their transitions to low carbon travel and transport choices.

Funding for 'Smarter Choices, Smarter Places' sustainable transport programme is available to all local authorities to promote active and sustainable travel.

## **Concessionary Travel Scheme**

Within the 2013-14 Concessionary Travel budget of £192 million, the statutory budget limit for the Scotland Wide Free Bus Concessionary Travel Scheme for Older and Disabled People, as negotiated with the Confederation of Passenger Transport, was set at £187 million. Bus operator claims within the free scheme in 2013-14 totalled approximately £186.8 million.

## **Freedom of Information**

The Freedom of Information (Scotland) Act 2002 aims to make information held by public authorities more accessible. The Agency acts in the spirit of openness, to provide information (unless exempt) within 20 working days, to provide advice and assistance to the applicants, and to proactively publish information under its Publication Scheme.



## **Future Developments**

Transport Scotland's Strategic Transport Projects Review set out investment priorities for the next 20 years. This is targeted at facilitating better movement of people and goods to increase wealth and enable more people to share fairly in that wealth. Priority projects including the Forth Replacement Crossing, Edinburgh to Glasgow Rail Improvements Programme and Borders Rail Line are progressing well. Procurement of the M8, M73 & M74 Improvements Project was also recently concluded and procurement of Aberdeen Western Peripheral route (AWPR) is progressing according to plan. In addition, Transport Scotland are continuing to work with partners and stakeholders to take forward the development and design of other projects such as dualling the A9 between Perth and Inverness including schemes at Kincaig – Dalraddy and Luncarty –Pass of Birnam, dualling the A96 between Inverness and Nairn and the Nairn Bypass and A82 Tarbet to Inverarnan. The contract for A96 Inveramsay Bridge is expected to be agreed towards the end of 2014, with construction completed early in 2016.

## **Efficiency Agenda**

The Scottish Government set annual targets of 3% Efficiency Savings which have to be achieved by Transport Scotland going forward.

Total efficiency savings achieved by Transport Scotland for each year are as follows:

	<b>2013-14 £'m</b>	<b>2012-13 £'m</b>
Efficiency Savings Target	60	60
Efficiency Savings Achieved	77	71
% of Transport Scotland DEL Budget	4%	3%

The challenge is to use resources in a more efficient and effective way so that more can be delivered for the same or less cost. Transport Scotland had a target of £60 million for the year 2013-14 and it has again exceeded its target, this time by £17 million. The following are the key efficiency savings achieved:-

- upskilling workforce within Scottish Canals and sharing services with Scottish National Heritage / Forestry Commission/SEPA and increased project evaluation
- supporting Network Rail decentralisation and their Alliance with First ScotRail as a means of reducing costs and improving services for rail passengers
- lower pricing negotiated with Network Rail on rail infrastructure projects to deliver the same output for lower costs
- more economic pricing of road operating companies' contracts
- use of improved technologies, sustainable reconstruction techniques and e-procurement for roads maintenance, which has also led to less waste being sent to landfill sites
- ferry services financial savings from operating efficiencies realised
- optimum maintenance treatments resulting in lower whole life, material, labour and traffic management costs following new guidance to Operating

Companies on developing structural repair and network strengthening programmes and

- the Scotland wide free concessionary bus travel scheme for older and disabled people was delivered at a reduced cost in a revised agreement with bus contractors

### **Shared Services / Cluster Project working**

This is a key element of Transport Scotland's efficiency agenda and we are committed to achieving quality public services that are valued by their customers and that realise efficiencies by employing best business practice and improved collaborative working.

Transport Scotland currently shares the following services and systems of the Scottish Government: Information and Communications, Human Resources, Estates services, Payments, Financial Reporting and Payroll. In addition Transport Scotland also shares services with other authorities, such as the Road Asset Valuation System.

It is the Agency's policy to use collaborative contracts, such as those awarded by Scottish Procurement wherever practicable. Cash savings of £625,875 were delivered in 2013-14 (2012-13: £559,967) through expenditure of just over £2.7 million (2012-13: £1.9 million) on Scottish Procurement-led collaborative contracts and frameworks, thereby contributing to the Scottish Government's efficiency savings targets.

Transport Scotland supports the drive for improved procurement capability by assisting and supporting other central government organisations through participation in the Clusters Project. This approach involves a lead organisation providing mutual support and mentoring to assist the other organisations to raise their procurement capability. Transport Scotland is participating in the Scottish Procurement and Commercial Directorate's Cluster Project which is aimed, in particular, at improving the procurement capability of those Scottish Government organisations which have little or no expertise in this specific field.

In addition, we procure our contracts in such a way that gives Scottish firms, particularly Small and Medium Enterprises (SMEs), a fair chance to compete, including the advertising of sub-contract opportunities on the Public Contracts Scotland website.

### **Risks and Uncertainties**

The principal risks and uncertainties facing Transport Scotland relate to the major contracts that it has entered into in relation to the provision of rail, ferry, bus and air services, the maintenance of the road, rail and the Highlands and Islands air networks and the procurement of major infrastructure such as the Queensferry Crossing. The inherent risks relate to performance by contractors which can also be affected by outside factors such as adverse weather. Transport Scotland has focussed its efforts in particular on improving winter resilience on the trunk road network. Transport Scotland manages the related financial risks on these contracts

by providing financial support, including monthly reporting to budget holders, directors and the Scottish Government.

**Significant events since the end of the financial year**

There have been no significant events since the end of the financial year.

David Middleton  
Chief Executive  
26 August 2014

## **DIRECTORS REPORT**

### **GOVERNANCE**

The Chief Executive is the Accountable Officer for the Agency. This role is supported by a Senior Management Team comprising the Chief Executive and six Executive Directors as shown below. The Accountable Officer is also supported by an Audit and Risk Committee chaired by a Scottish Government non-executive member Alex Smith, and including two further external members Dorothy Fenwick and Alan Thompson. Dorothy Fenwick left on 1<sup>st</sup> March 2014 and a replacement is currently being recruited.

Current Directors:-

David Middleton, Chief Executive

Roy Brannen, Trunk Road and Bus Operations

Donald Carmichael, Transport Policy

Aiden Grisewood, Rail

Sharon Fairweather, Finance and Analytical Services

Ainslie McLaughlin, Major Transport Infrastructure Projects

John Nicholls, Aviation, Maritime, Freight and Canals

### **DIRECTORS AND NON EXECUTIVE / EXTERNAL MEMBERS INTERESTS**

Directors and Non-Executive / External Members interests are recorded in a "Register of Interests" maintained on the Scottish Government electronic HR system. The 2013-14 assurance letters on internal control, which all Directors in post as at 31 March 2014 completed, also confirmed that no conflict of interest arose in the exercise of their duties.

### **STAFF RELATIONS**

Transport Scotland gives a high priority to the development of all its staff. Training, development and learning in Transport Scotland is quality assured through its commitment to the Investor in People (IiP) Scheme as part of the Scottish Government. Transport Scotland is committed to a programme of continuous improvement in relation to the Scottish Government implementation of the IiP standard.

Transport Scotland recognises 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 Transport Scotland's attendance management procedures are designed to maintain a happy, well-motivated and healthy workforce. The procedures are aimed to:

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

In 2013-14 an average of 6.2 working days (2012-13: 6.6) were lost due to sickness absence per staff year for Transport Scotland.

## **EMPLOYMENT OF DISABLED PERSONS**

Transport Scotland follows Civil Service good practice guidance on the employment of disabled people and is a Job Centre Plus Disability Symbol user. As such, Transport Scotland ensures that there is no discrimination on the grounds of disability and that access to employment and career advancement is based solely on merit, competence and suitability for the work.

The number of staff as at 31 March 2014 who had declared a disability employed by Transport Scotland was 21.

## **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 Note 2 to the Accounts.

## **DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each of the above mentioned directors has taken all the steps that they ought to have taken as a director, in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Consequently, so far as each director is aware, there is no relevant audit information of which the auditor is unaware,

## **APPOINTED AUDITORS**

The accounts for 2013-14 are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the notional fee for this service was £180,000 which related solely to the provision of the statutory audit service.

There were no payments made for non-audit work in the year.

## **PERSONAL DATA RELATED INCIDENTS**

There were no personal data related incidents in the year within Transport Scotland.

David Middleton  
Chief Executive  
26 August 2014

## **STATEMENT OF CHIEF EXECUTIVE'S RESPONSIBILITIES**

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed Transport Scotland to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The Accounts Direction is reproduced at Annex A to these financial statements.

The accounts are prepared on an accruals basis and must show a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Agency is required to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state where applicable accounting standards have been followed and disclose and explain any material departures in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Transport Scotland will continue in operation

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Transport Scotland as the Accountable Officer for the Agency. The Accountable Officer's relevant responsibilities include responsibility for the propriety and regularity of the public finances for which he is accountable. He is also responsible for keeping proper records and for safeguarding the Agency's assets, as set out in the Memorandum to Accountable Officers issued by the Scottish Government.

David Middleton  
Chief Executive  
26 August 2014

## **GOVERNANCE STATEMENT**

I am pleased to introduce the Governance Statement for 2013-14, which explains Transport Scotland's approach to corporate governance. Good governance is vital to effective financial and risk management.

The Scottish Public Finance Manual (SPFM), issued by Scottish Ministers to provide guidance on the handling of public funds, summarises the purpose of the Governance Statement as being to provide a clear understanding of the organisation's internal control structure and its management of resources. The Statement should provide a sense of how successfully the organisation has coped with challenge and risk.

This Governance Statement describes how the Agency and its supporting governance structures work, how they have performed, and provides an assessment of how the Agency has been managed, including the effectiveness of the systems of internal control, risk management and accountability.

### **Accountable Officer's scope of responsibilities**

Transport Scotland's role is to oversee the operation and improvement of the trunk road, ferry, inland waterway and railway networks in Scotland; the air passenger facilities and routes in the Highlands and Islands; the national concessionary travel schemes and the provision of travel information services. It also supports Ministers in prioritising future transport policy and investments and promoting sustainable transport and road safety.

As Accountable Officer for the Agency, I have responsibility for maintaining a sound system of internal control that supports the achievement of Transport Scotland's policies, aims and objectives set by Scottish Ministers, whilst safeguarding the public funds and departmental assets for which I am responsible, in accordance with the SPFM. I am supported in that role by a senior management team of six Directors and an Audit and Risk Committee, chaired by a Scottish Government non-executive member and including two further external members.

### **Transport Scotland Audit and Risk Committee**

The Audit and Risk Committee comprises three external members to bring independent judgement and challenge to the governance of the Agency. The Committee meets four times a year, although the Chair of the Audit and Risk Committee may convene additional meetings as deemed necessary and regularly meets myself and the Director of Finance and Analytical Services to keep abreast of developments as appropriate. Audit and Risk Committee meetings will normally be attended by myself as Accountable Officer for the Agency, the Director of Finance and Analytical Services, the Head of Internal Audit (IA) (or representative), and a representative of external audit (Audit Scotland). In addition, the Audit and Risk Committee asks other Transport Scotland officials to attend to assist it with its discussions where specific input or expertise is required.

The Audit and Risk Committee advises on strategic processes for risk, control and governance; the accounts of the organisation, including the process for review of the accounts post audit and prior to sign off by myself as Accountable Officer; and assurances relating to the corporate governance requirements.

The Audit and Risk Committee receives copies of minutes of the monthly meetings of Transport Scotland Directors and also meets with Internal Audit and External Audit separately twice a year.

The Audit and Risk Committee also produces an Annual Report, as part of the annual review cycle of annual accounts and wider governance framework, which supports this Governance Statement. The report summarises the committee's work over the past year and assesses:-

- the reliability and comprehensiveness of assurances received
- issues pertinent to this governance statement
- financial reporting
- the quality of both internal and external audit and
- its view of its own effectiveness and aspects that could be strengthened

### **Principles of Corporate Governance in Transport Scotland**

Corporate governance is the system by which organisations are directed and controlled and is concerned with the structures and processes for decision-making and accountability. Transport Scotland, in line with all public bodies, must have at their head, a group which is responsible for:

- giving leadership and strategic direction
- defining control mechanisms to safeguard public resources
- supervising the overall management of the body's activities and
- reporting on stewardship and performance

Within Transport Scotland, that group is the Senior Management Team who adhere closely to robust principles of Corporate Governance, namely:

#### **Performance Review**

All members of the Senior Management Team are subject to an annual objective setting exercise and year end performance appraisal, which are both formally recorded. These are focussed on Transport Scotland's delivery priorities, which are closely linked to the Governments National Outcomes.

Each year the Agency sets its objectives within the Corporate Business Plan and performance is monitored throughout the year and measured against targets at year end, reporting progress on key achievements. In addition, every Directorate within the Agency sets key performance indicators for the service it provides and progress against these is reviewed at Senior Management level. Transport Scotland is also set an annual target to achieve overall efficiency savings as a percentage of its budget and progress is reported to the core Scottish Government on a quarterly basis.



## Accountability

The Senior Management Team ensures that the Scottish Public Finance Manual is applied, with appropriate arrangements in place to ensure that the public funds they are responsible for are properly safeguarded and used economically, efficiently and effectively.

## Delegated Authority

I, as Chief Executive and Accountable Officer for Transport Scotland, formally delegate financial management responsibilities to each Director for the propriety, regularity and good financial management of expenditure within their Directorate. This delegation is formally recorded and reviewed each year and is subject to audit scrutiny.

## Financial Management

The Management Team reviews financial performance across the Agency on a monthly basis as well as overseeing the timely production, on an annual basis, of an Annual Report and Accounts, confirming that it has complied with relevant standards of Corporate Governance. Transport Scotland's budgets are determined in the context of Spending Reviews, and forecast expenditure is continuously monitored in order to highlight significant deviations from budgets and to identify any potential corrective action. The Management Team has a key role in strategic financial decision making and reviewing in year spending priorities and has a duty to work corporately to secure sustainable outcomes within the authorised budget for the Agency.

## **Programme and Project Management**

Transport Scotland adopts a comprehensive approach to programme and project management. All investment projects are overseen by a Project Board, chaired by the Project Sponsor. This includes the Forth Replacement Crossing, the Borders Railway, the M8/M73/M74 Improvements Programme, the Aberdeen Western Peripheral Route, Balmedie Tippet, the Edinburgh to Glasgow Improvements Programme and the Scotrail and sleeper franchise procurements. The Project Boards incorporate a range of expertise including procurement, legal, technical and financial at a senior level. In addition non-executive members of the Audit and Risk Committee are included on the Boards of the most significant projects. The Project Board's role is to oversee the delivery of the projects, including associated risk management, to ensure completion on time and budget. This includes the development and approval of associated business cases in line with the requirements of the Scottish Public Finance Manual.

Gateway reviews and other appropriate external reviews are undertaken at relevant stages to ensure that projects are capable of delivering their stated objectives.

As Accountable Officer, I am the nominated Investment Decision Maker. I am supported by an Investment Decision Making Board structure, made up of senior

managers, in reviewing and approving the key stages in all of Transport Scotland's major projects and procurements.

I have set objectives for the Directors within Transport Scotland to undertake a regular review process to ensure that improvement in the assurance and control environment within Transport Scotland is monitored closely and, where appropriate, actions are in place to address any weaknesses identified to ensure the continuous improvement of the system.

### **The System of Internal Control**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve Transport Scotland's policies, aims and objectives. Consequently, reasonable and not absolute assurance of its effectiveness can be provided. The system of internal control is based on an on-going process designed to identify and prioritise risks, to evaluate the likelihood and impact of them being realised, and to manage them efficiently, economically and effectively. This system of internal control has been in place in Transport Scotland for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts. It is in accordance with the guidance from Scottish Ministers.

### **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, the managers within the Agency, the Audit and Risk Committee and the external auditors in their reports.

Assurance on the maintenance and review of internal control systems is provided by each of the Directors within Transport Scotland who submit to me an annual certificate of assurance covering their areas of responsibility. This is underpinned by an internal control checklist, covering all areas of corporate governance, which is subject to audit. The content of this checklist is reviewed each year, and it has been updated and refreshed for 2013-14 in line with recommendations in the SPFM.

In addition, as part of its assurance framework, Transport Scotland maintains an assurance map, which sets out both corporate and directorate processes and methods of assurance 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.

Transport Scotland's internal auditors (whose work is undertaken to Government Internal Audit Standards) submit regular reports to the Audit and Risk Committee which provide an independent opinion on the adequacy and effectiveness of the organisation's system of internal control, together with any recommendations for improvement. The three categories of assurance used in these reports are substantial, reasonable and limited assurance.

Follow up work is carried out to confirm the effective implementation of recommendations agreed as a result of the audits.

The Performance Audit Group (Halcrow working in association with Pricewaterhouse Coopers and Scott Wilson Plc) perform an external assurance role for all trunk road maintenance work.

### Internal Audit Reports 2013-14

	<b>Audit Area &amp; Scope</b>	<b>Outcome</b>
1	Northern Isles Ferry Services Contract Management (Produced for SG, as part of UK review of contracts with Serco)	<b>Assurance Provided: Not applicable</b> This review was commissioned by the Scottish Procurement Directorate of the controls established to manage the risks relating to the management of the Northern Isles Ferry Service Contract. The scope was to review the effectiveness of contract monitoring by Transport Scotland; and the contract claim process and accuracy of contract payments. The report made seven recommendations, which were either progressed or completed in year.
2	Preparations for ScotRail and Caledonian Sleeper Procurement	<b>Assurance Provided: Substantial</b> In general, controls were found to be good and Internal Audit were impressed by the progress of the procurement for both franchises which were proceeding well and were being effectively managed through well-established governance structures. At the time of the review both franchises were on course to be delivered on schedule.
3.	Key Performance Indicators	<b>Assurance Provided: Substantial</b> In general controls were found to be good and Internal Audit were impressed by the framework for the setting of Transport Scotland delivery commitments and targets and also of the monitoring processes in place to track their progress.
4	Freight Facilities Grants (FFG)	<b>Assurance Provided: Substantial</b> Controls were found to be good for this demand led grant funding scheme with reporting of scheme expenditure to both Transport Scotland management and Scottish Government Ministers. Internal Audit were in particular impressed with the efforts of Transport Scotland staff working with potential applicants to develop their applications for FFG funding.

5	Sustainable and Active Travel	<p><b>Assurance Provided: Reasonable</b></p> <p>In general, controls were found to be fair and recommendations are intended to strengthen these. Particularly impressive was the work which has gone into setting objectives and performance measures for sustainable active travel policies and also for engaging with stakeholders. However, recommendations have been made to strengthen the existing controls surrounding financial management and grant monitoring arrangements</p>
6	Clyde and Hebrides Ferry Services	<p><b>Assurance Provided: Reasonable</b></p> <p>In general, controls were found to be fair and recommendations are intended to strengthen these. Internal Audit were impressed with the planning framework and the robustness of the processes in place for reporting on performance and delivery commitments and tasks.</p>

On the basis of the work undertaken and recommendations implemented, in their annual report to the Transport Scotland Audit and Risk Committee, Internal Audit were able to provide substantial assurance in respect of Transport Scotland's risk management, control and governance arrangements.

### **Best Value**

The duty of Best Value applies to all public bodies in Scotland, and is a responsibility of Accountable Officers. Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement. Transport Scotland aims to improve value for money, ensure tight management of funds and sound asset management. Subsequent efficiencies will assist with the support of the investment programme.

Best Value provides a common framework for continuous improvement in public services in Scotland, and is a key foundation of the Scottish Government's Public Service Reform agenda. The Scottish Ministers expect all Accountable Officers to comply with the duty of Best Value placed upon them.

During the year 2013-14, Transport Scotland conducted follow up reviews and implemented further improvements in financial management procedures; processes for governance and accountability; and in the area of sustainability. Best Value Reviews in previous financial years had highlighted that, whilst the Agency was operating efficiently in all of these areas, there was potential for enhancements which would further strengthen the processes.

In addition, two Best Value service reviews, on Risk Management and Asset Management were completed in year. These highlighted that overall Transport Scotland has arrangements in place to demonstrate a robust and forward looking approach to both areas. However, key recommendations for further improvement included:

### **Risk Management**

- links with external partners should continue to be strengthened and assurances maintained that they have sound risk management and
- there are plans within the Agency to provide increased training on risk management and to include analysis of opportunities as well as risk in each area

### **Asset Management**

- continue working on enhancing procedures as part of the Asset Management Improvement Programme
- continue to seek public sector partners for benchmarking asset management and to communicate it across the Agency
- progress the review and improvement of asset management through steering groups set up and
- continue to incorporate sustainability

In 2014-15, it is the intention to conduct one further Best Value review in the area of Efficiency.

### **Risk Management**

Risk management forms a central element of the Agency's internal control framework. Risks are managed at the level most able to deal with them, with the most serious risks being escalated to the Senior Management Team. The Director of Major Transport Infrastructure Projects is also nominated as the Transport Scotland Risk Champion, with overall responsibility for the Agency. Each Directorate has a designated risk co-ordinator who is responsible for facilitating an effective and regular review of risks to the delivery of objectives.

There is a robust framework of responsibility for risk management within Transport Scotland in accordance with the SPFM. The system for assessment and control of risk within the Agency is as follows:

- I, as Chief Executive, in conjunction with the Directors, review the strategic and operational risks to the Agency's business throughout the year, and this is a regular item at the monthly Management Team meetings
- the Audit and Risk Committee has provided oversight of the Agency's risk management processes and strategy and Corporate Risk Register throughout the year
- managers identify and evaluate risks to successfully deliver the Agency's operation and control objectives when they prepare and monitor directorate and business management plans and
- I, as Chief Executive, hold regular meetings with Ministers where both strategic and operational risks are discussed

A high level Risk Strategy is in place, which sets out a consistent approach to the implementation of risk management within Transport Scotland at strategic, programme and project levels. The Transport Scotland Risk Management Group is responsible for developing and maintaining the Corporate Risk Register and for facilitating the on-going production and management of risk registers within project

teams and Directorates and for enhancing the management of risk across all areas of the business. The group comprises representatives from each directorate and meets quarterly with appropriate communication between meetings. Minutes of the meetings are shared with Directors and the Audit and Risk Committee.

In the year 2013-14, the Transport Scotland Risk framework was subject to a detailed review and a number of enhancements were taken forward, including clear linking of each risk with the relevant items on the Transport Scotland Corporate Plan as well as increased training and awareness in the area of risk management itself.

### **Managing information and information security**

Transport Scotland is committed to ensuring its information is managed and valued, with appropriate protection and use of our information assets.

The handling of data and information carries significant risks to Government departments, and Transport Scotland takes information security very seriously, in compliance with the ISIS (Information Security Information Systems) Security Frameworks and Data Handling policies.

Transport Scotland follows the Scottish Government key principles for good information management that all staff must follow. In basic terms the principles are 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 staff and users of information technology within Transport Scotland must comply with the IT Code of Conduct and be familiar with its contents.

### **Counter Fraud / Review of risk of financial loss.**

Transport Scotland takes a zero tolerance approach to fraud. All cases of actual or suspected fraud are investigated promptly and appropriate action is taken. Transport Scotland have fraud, bribery and whistleblowing procedures in place to make clear how cases will be dealt with and how staff can report suspicions or concerns.

Transport Scotland also has a designated Fraud Officer and a Fraud Response Plan in place to ensure that timely and effective action is taken in the event of a fraud. Trained and experienced staff are available to advise, guide and assist in efforts to counter fraud. We also have a dedicated fraud hotline for the national concessionary fares scheme and are using more integrated fraud alert systems.

The Agency has also increased the level of training in this area, and has encouraged all staff to complete it with regular updates and staff notices by the Fraud Officer to raise awareness of fraud identification and prevention.

Details of cases of actual or attempted fraud that come to light during the financial year are reported within a Fraud Log for that year, which is shared with the Transport Scotland Audit and Risk Committee.

The Agency actively participates in the fraud alerts system run by the National Fraud Authority, which seeks to share intelligence about specific fraud risks encountered across Government.

Within Transport Scotland there is a separate Concessionary Fares Fraud Team operating under the same policy as the rest of Transport Scotland. This is required due to the unique operating environment of the Concessionary Fares Scheme. The Agency participates in the National Fraud Initiative (NFI) in Scotland, which is a counter fraud exercise led by Audit Scotland assisted by the Audit Commission in England. This is a data matching process to help public sector bodies to prevent and detect fraud and error in their financial systems, using computerised techniques to compare information about individuals held by different public bodies on different systems. This will now include payments and a sample of those for the Agency have been selected for inclusion.

### **Business Continuity**

Transport Scotland has a functional Business Continuity Plan, which has been reviewed during the year. The objectives of the plan are:

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

David Middleton  
Chief Executive  
26 August 2014

## REMUNERATION REPORT

### **Service Contracts**

Civil service appointments are made in accordance with the Civil Service Commission's Recruitment Principles, which requires appointment 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 until they reach the normal retiring age. Whilst the retirement age for the Senior Civil Service is 65, once an individual's pension becomes accessible from age 60 that employee can choose to leave work and draw his or her pension at any time, subject only to compliance with the basic notice of leave requirements.

The rules for termination are set out in chapter 11 of the Civil Service Management Code. 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 [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

Transport Scotland covers all of the Scottish Government's transport responsibilities for all aspects of transport policy and delivery covering road, rail, bus, maritime, canal and air services and infrastructure. All Transport Scotland executive Directors are included within this report.

Following the decision in 2010 not to retain the previous board structure Transport Scotland has no non- executive Directors. However the Audit and Risk Committee has three external members. Alex Smith and Dorothy Fenwick were appointed in March 2011 and Alan Thompson was appointed on 27 February 2012. This is to ensure the organisation continues to benefit from independent oversight and challenge. Dorothy Fenwick resigned as a member from 1<sup>st</sup> March 2014 and a replacement is currently being recruited.

### **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 and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention 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 and
- 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.

Further information about the work of the SSRB can be found at:

[www.ome.gov.uk/Senior\\_Salaries\\_Review\\_Body](http://www.ome.gov.uk/Senior_Salaries_Review_Body)

### **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 and
- 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 of the salary, the value of any bonuses or taxable benefits in kind and the pension benefits of the directors for the year 2013-14, along with comparative figures are shown in the table overleaf.

### Single total figure of remuneration

DIRECTORS	SALARY		BONUS PAYMENTS		BENEFITS IN KIND (TO NEAREST £100)		PENSION BENEFITS (TO NEAREST £1,000)		TOTAL	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
David Middleton	100-105	100-105	-	-	-	-	Nil	3,000	100-105	105-110
Roy Brannen	70-75	65-70	-	-	-	-	21,000	7,000	90-95	70-75
Donald Carmichael	65-70	65-70	-	-	-	-	22,000	4,000	85-90	65-70
Sharon Fairweather	80-85	80-85	-	-	-	-	31,000	32,000	110-115	110-115
Aidan Grisewood	70-75	65-70	-	-	-	-	13,000	24,000	85-90	85-90
Ainslie McLaughlin	75-80	70-75	-	-	-	-	36,000	3,000	110-115	70-75
John Nicholls (1)	65-70	35-40	-	-	-	-	22,000	3,000	85-90	35-40

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.

(1) John Nicholls took up post on 10 September 2012. The figure quoted in the comparator column is from 10 September 2012 until 31 March 2013. The full year equivalent banding is £65k-£70k

## **Salary**

Salary and allowances covers both pensionable and non-pensionable amounts and includes: 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, as well as the allowances to which they are entitled is paid by Transport Scotland and is therefore shown in full in the figures above.

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.

## **Bonuses**

Bonuses are based on performance levels attained and are made as part of the appraisal process. They relate to performance in the previous year, therefore, any bonuses paid in 2013-14 are based on 2012-13 performance and comparative bonuses reported for 2012-13 relate to the performance in 2011-12. No bonuses were paid to directors in 2013-14 as part of Scottish Government policy.

## **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

## **Fees**

External members of the Audit and Risk Committee were 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 2013-14 are as follows:

Alex Smith	£232 daily rate
Dorothy Fenwick	£232 daily rate
Alan Thompson	£232 daily rate

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

## **Pay multiples**

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Transport Scotland, in the financial year 2013-14 was £100k-£105k (2012-13 £100-105k). This was 2.8 times (2012-13 3.2 times) the median remuneration of the workforce, which was £37,072 (2012-13 £32,249).

The ratio has decreased as a result of an increase in the median remuneration of the workforce in year as a consequence of staff turnover and highest paid director remuneration remaining the same as in 2012-13.

In 2013-14, one (2012-13: one ) employee received remuneration in excess of the highest paid director. Remuneration ranged from £16k-£190k (2012-13, £16k - £115k).

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.

## **Pensions**

Accrued pension represents the director's total future entitlement to benefits payable from the Civil Service pension schemes based on reckonable service at 31 March 2014. The accrued pension includes service previous to becoming a director and/or service in other departments.

The 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 member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves the 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 CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV quoted in the table below represents the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by employees (including the value of any benefits

transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Transport Scotland's contributions to the scheme in respect of the Senior Management Team amounted to £122,186 for the year to 31 March 2014. The external members of the Audit and Risk Committee do not participate in the Civil Service pension scheme. Further details on the different schemes available to employees can be found in note 2 to the accounts.

The pension entitlements of the executive directors of Transport Scotland are shown in the following table:

	<b>Lump Sum at NRA as at 31 March 2014</b>	<b>Real Increase in Lump Sum at age NRA</b>	<b>Accrued Pension at age NRA as at 31 March 2014</b>	<b>Real Increase in Pension at age NRA</b>	<b>CETV as at 31 March 2014</b>	<b>CETV as at 31 March 2013</b>	<b>Real Increase in CETV in 2013-14</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
David Middleton	145-150	0 - 2.5	45 - 50	0 - 2.5	1030	971	-5
Roy Brannen	55 - 60	2.5 - 5	15 - 20	0 - 2.5	326	292	13
Donald Carmichael	75 - 80	2.5 - 5	25 - 30	0 - 2.5	529	478	20
Ainslie McLaughlin	95-100	5 - 7.5	30 - 35	0 - 2.5	714	638	34
Aidan Grisewood	20 - 25	0	15 - 20	0 - 2.5	191	171	5
Sharon Fairweather	0	0	5-10	0 - 2.5	67	42	15
John Nicholls	70-75	2.5 - 5	20 - 25	0 - 2.5	425	383	16

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

The above pension data was supplied to Transport Scotland by MyCSP for all of the directors.

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

David Middleton  
Chief Executive  
26 August 2014

## **INDEPENDENT AUDITORS' REPORT**

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

I have audited the financial statements of Transport Scotland for the year ended 31 March 2014 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2013/14 Government Financial Reporting Manual (the 2013/14 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

#### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of Chief Executive's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

## **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2014 and of its net operating costs for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 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

## **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

## **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly 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 Strategic Report, Corporate Plan Delivery 2012-15 and Directors' Report sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

I am required to report to you if, in my opinion:

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

- the Governance Statement does not comply with guidance from the Scottish Ministers

I have nothing to report in respect of these matters.

August 2014  
Brian Howarth ACMA CGMA  
Assistant Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT



## TRANSPORT SCOTLAND ANNUAL ACCOUNTS 2013-14

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

		£'000	£'000	£'000	2013-14 £'000	2012-13 £'000
	note	Staff Costs	Other Cost	Income	Total	Total
<b>Administration costs</b>						
Staff costs	2	12,189			12,189	11,902
Other administration costs	3		5,331		5,331	4,934
<b>Total administration costs</b>					<u>17,520</u>	<u>16,836</u>
<b>Programme costs</b>						
Staff costs	2	3,589			3,589	5,640
Other programme costs	4		1,631,513		1,631,513	1,649,407
Income	5			(3,314)	(3,314)	(2,750)
<b>Total programme costs</b>					<u>1,631,788</u>	<u>1,652,297</u>
<b>Total</b>		<u>15,778</u>	<u>1,636,844</u>	<u>(3,314)</u>	<u>1,649,308</u>	<u>1,669,133</u>
<b>Net operating costs for the year ended 31 March 2014</b>					<u><u>1,649,308</u></u>	<u><u>1,669,133</u></u>

### Other Comprehensive Net Expenditure

	note	2013-14 £'000	2012-13 £'000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on:			
-revaluation of property, plant and equipment	6	242,446	(433,126)
-revaluation of intangibles		0	0
		<u>242,446</u>	<u>(433,126)</u>
<b>Items that may be reclassified subsequently to net operating costs:</b>			
Net (gain)/loss on:			
-revaluation of available for sale financial assets	8	0	0
<b>Total comprehensive net expenditure for the year ended 31 March 2014</b>		<u><u>1,891,754</u></u>	<u><u>1,236,007</u></u>

All income and expenditure is derived from continuing activities.

## Statement of Financial Position as at 31 March 2014

		31 March		31 March	
	note	£'000	2014 £'000	£'000	2013 £'000
<b>Non-current assets</b>					
Property, plant & equipment	6	17,970,244		18,002,170	
Intangible assets	7	117		235	
Financial assets	9	96,153		86,944	
Other receivables	10	65,000		100,000	
<b>Total non-current assets</b>			<u>18,131,514</u>	<u>18,189,349</u>	
<b>Current assets</b>					
Assets held for sale	8	169		174	
Financial assets	9	3,018		3,018	
Trade and other receivables	10	91,644		57,936	
Cash & cash equivalents		0		0	
<b>Total current assets</b>			<u>94,831</u>	<u>61,128</u>	
<b>Total assets</b>			<u>18,226,345</u>	<u>18,250,477</u>	
<b>Current liabilities</b>					
Trade payables	11	(35,741)		(24,689)	
Other payables	11	(248,977)		(167,572)	
Provisions	12	(47,879)		(55,041)	
Financial liabilities	11	(9,718)		(9,066)	
<b>Total current liabilities</b>			<u>(342,315)</u>	<u>(256,368)</u>	
<b>Total assets less current liabilities</b>			<u>17,884,030</u>	<u>17,994,109</u>	
<b>Non-current liabilities</b>					
Other payables	11	(1,882)		(2,917)	
Provisions	12	(65,596)		(70,938)	
Financial liabilities	11	(442,218)		(451,935)	
<b>Total non-current liabilities</b>			<u>(509,696)</u>	<u>(525,790)</u>	
<b>Assets less liabilities</b>			<u>17,374,334</u>	<u>17,468,319</u>	
<b>Taxpayers' equity</b>					
General fund	SoCTE		8,921,828		8,773,367
Donated asset reserve	SoCTE		0		0
Revaluation reserve	SoCTE		8,452,506		8,694,952
<b>Total taxpayers' equity</b>			<u>17,374,334</u>		<u>17,468,319</u>

David Middleton  
Chief Executive  
26 August 2014

The notes on pages 60 to 90 form part of these accounts

## Cash Flow Statement for the year ended 31 March 2014

	note	2013-14 £'000	2012-13 £'000
<b><u>(A) Cash flows from operating activities</u></b>			
Net operating cost	SoCNE	(1,649,308)	(1,669,133)
Adjustments for non-cash transactions	3/4	56,683	151,568
Decrease / (Increase) in trade and other receivables	13	1,297	(79,730)
Adjustment for the revaluation element of Assets Held For Sale	8	0	85
Increase / (Decrease) trade and other payables	13	91,422	64,838
Increase / (Decrease) in provisions	13	(12,505)	65,681
Adjustment for the interest element of the PFI contract	4	31,341	31,948
<b>Net cash outflow from operating activities</b>		<b>(1,481,070)</b>	<b>(1,434,743)</b>
<b><u>(B) Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	6	(293,949)	(369,843)
Purchase of intangible assets	7	0	0
Roads Developer Contribution		3,495	0
Transfer of assets held for sale to property, plant and equipment	6	0	(158)
Disposal of property, plant and equipment	6	3,394	220
Impairment of property, plant and equipment		0	505
Voted loans	9	(9,209)	(7,582)
<b>Net cash outflow from investing activities</b>		<b>(296,269)</b>	<b>(376,858)</b>
<b><u>(C) Cash flows from financing activities</u></b>			
Funding from the Scottish Government	SoCTE	1,856,275	1,851,847
Inter Entity transfers		(38,530)	0
Capital element of payments in respect of finance leases and on balance sheet PFI contracts	13	(9,065)	(8,298)
Interest element of the PFI contracts	4	(31,341)	(31,948)
<b>Net Financing</b>		<b>1,777,339</b>	<b>1,811,601</b>
Net Increase/ (Decrease) in cash and cash equivalents in the period		0	0
Cash and cash equivalents at the beginning of the period		0	0
Cash and cash equivalents at the end of the period		0	0

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2012</b>		<b>8,672,755</b>	<b>8,249,136</b>	<b>16,921,891</b>
<b>Changes in taxpayers' equity for 2012-13</b>				
Net gain on revaluation of property, plant and equipment	6	0	433,126	433,126
Non-current assets adjustments		0	(132,378)	(132,378)
Roads transfer from local authority		62,786	0	62,786
Realised element of the revaluation reserve		(145,068)	145,068	0
Non-cash charges - auditors remuneration	3	180	0	180
Net operating cost for the year	SoCNE	(1,669,133)	0	(1,669,133)
<b>Total recognised income and expense for 2012-13</b>		<b>(1,751,235)</b>	<b>445,816</b>	<b>(1,305,419)</b>
Funding from Scottish Government		1,851,847	0	1,851,847
<b>Balance at 31 March 2013</b>		<b>8,773,367</b>	<b>8,694,952</b>	<b>17,468,319</b>
<b>Changes in taxpayers' equity for 2013-14</b>				
Net loss on revaluation of property, plant and equipment	6	0	(242,446)	(242,446)
Non-current assets adjustments	6	0	0	0
Roads transfer from local authority	6	0	0	0
Roads historic value adjustment	6	(23,651)	0	(23,651)
Roads Developer Contribution		3,495	0	3,495
Realised element of the revaluation reserve		0	0	0
Inter Entity transfers		(38,530)	0	(38,530)
Non-cash charges - auditors remuneration	3	181	0	181
Net operating cost for the year	SoCNE	(1,649,308)	0	(1,649,308)
<b>Total recognised income and expense for 2013-14</b>		<b>(1,707,813)</b>	<b>(242,446)</b>	<b>(1,950,259)</b>
Funding from Scottish Government		1,856,275	0	1,856,275
<b>Balance at 31 March 2014</b>		<b>8,921,828</b>	<b>8,452,506</b>	<b>17,374,334</b>

## NOTES TO THE ACCOUNTS

### 1. Statement of Accounting Policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 90) these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual, which follows Generally Accepted Accounting Practice as defined by International Financial Reporting standards (IFRS) as adopted by the European Union and reflected in the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies applied by Transport Scotland are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies, and, 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 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.

#### 1.1 Accounting Convention

In accordance with 2013-14 Financial Reporting Manual (FReM) Para 2.1.4 these accounts have been prepared under the historical cost convention, modified by the revaluation of non-current assets, intangible assets, and, where material, current asset investments to fair value as determined by the relevant accounting standard.

A number of new accounting standards have been issued or amendments made to existing standards, but have not yet been applied in these financial statements because they are mandatory for accounting periods commencing on or after 1 January 2014 and will therefore be reflected in the 2014-15 Annual Accounts. The relevant revisions are highlighted below, together with the anticipated impact from their application.

- IFRS 10 - Consolidated Financial Statements – no impact anticipated
- IFRS 11 - Joint Arrangements – no impact anticipated
- IFRS 12 - Disclosure of Interests in Other Entities – additional disclosure requirements
- IFRS 13 Fair value measurement – subject to further review by HM Treasury
- IAS 27 - Separate Financial Statements – no impact anticipated
- IAS 28 - Investments in Associated and Joint Ventures– no impact anticipated

The new or amended standards that are considered relevant and the anticipated impact on the accounts are as follows:

- IFRS 13 - Fair Value Measurement. Mandatory for accounting periods commencing on or after 1 January 2013. However the application of this IFRS is subject to further review by HM Treasury and other Relevant Authorities

- IFRS 9 - Financial Instruments. The adoption of this standard could change the classification and measurement of financial assets. The full IFRS has not yet been issued
- IAS 17 replacement – Leases. No target date for IFRS. This standard proposes to eliminate current operating lease categorisation for virtually all leases except short term leases. Assets and liabilities will be recognised on a 'right of use' basis
- IAS 18 replacement – Revenue Recognition and Liabilities Recognition. Effective no earlier than 1 January 2015. The adoption of this standard will affect the determination of when revenue is recognised in the financial statements

## **1.2 Trunkings / Detrunkings**

The Transport Scotland accounts reflect ownership of the trunk road network which it has responsibility to maintain. Transfers of the responsibility for maintaining sections of the road as part of the trunk road network from or to the local authority network are referred to as 'trunkings' or 'detrunkings' respectively. The trunking or detrunking of roads from or to local authorities is treated as a transfer from or to other government departments. Roads and structures detrunked are effectively dealt with as disposals in accounting terms at nil consideration with the associated charge processed through the general fund.

## **1.3 Prior Year Adjustments**

Material adjustments relating to prior periods and arising from changes in accounting policies or from the correction of fundamental errors are accounted for as prior year adjustments. Opening balances are adjusted for the cumulative effect of the prior year adjustment and comparative figures for the preceding period are restated. The effects of any such adjustments on prior year comparatives are also separately disclosed in the notes to the accounts.

## **1.4 Property, Plant and Equipment (PPE)**

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale (see 1.6).

Non-infrastructure assets include land and buildings, information and technology equipment and software licences. Title to the freehold land and buildings shown in the accounts of Transport Scotland is held by Scottish Ministers.

### **Capitalisation Policy**

The trunk road network is recognised as a single infrastructure asset in accordance with FReM Para 6.2.11. However it comprises four distinct elements that are accounted for differently: Land; the Road Pavement; Structures (such as bridges and culverts); and Communications (such as variable message signs).

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 Asset Valuation system.

Expenditure that does not replace or enhance service potential will be expensed as a charge to the Statement of Comprehensive Net Expenditure.

In accordance with International Accounting Standard 16 expenditure that comprises the cost of the Non-Current Asset is capitalised for all road construction projects. Where a scheme is subsequently cancelled the capital costs 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. Assets Held for Sale are stated at market values.

All other categories of tangible fixed asset are capitalised if the expenditure is greater than:

Land & Buildings	£10,000
Leasehold Improvements	£10,000
Information & Communication Technology (ICT)	£1,000
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 ring fenced project such as a major relocation exercise.

Major rail projects, which are capital in nature, are funded by Transport Scotland but as control of the economic benefit of the asset ultimately sits with Network Rail, the assets are not on the Statement of Financial Position of the Agency.

### **Valuation**

Land is held at current market values assessed by the Valuation Office Agency (VOA). A revaluation exercise was carried out at 31 March 2013 on buildings and dwellings as part of the Scottish Government five year rolling programme.

Other items of property, plant and equipment are held at depreciated historic cost. From 1 April 2007 these assets were no longer revalued using indices as the movement in these indices was considered to be negligible and the economic lives of the assets so short that the relative value of any potential adjustment was not likely to be significant.

### **Infrastructure Assets - the road network**

In accordance with FReM 2013-14 Para 6.2.12 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 by rates supplied by the VOA.

The road pavement element is valued using agreed rates determined to identify the gross replacement cost of applicable types of road 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.

Structures are valued using agreed rates determined to identify the replacement cost of applicable types of structure on the basis of new construction on a greenfield site where these are available but special structures, which tend to be one off by their nature, are valued using specific costs that are updated to current prices.

Communications are valued using agreed rates determined to identify the replacement cost of applicable types of communications.

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 revalued replacement costs, and also inspected every five years to identify any other changes. Land is not depreciated.

The indexation factors applied are:

Road Pavement and Structures	Baxter Index, published quarterly by the Department for Business, Innovation and Skills
Communications	Traffic Scotland provide new gross and calculated depreciated values each year.
Land	Land indices produced by VOA

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

### **Critical Accounting Estimates**

Critical accounting estimates are used in the calculation of the roads valuation. These are detailed in the section on Significant Accounting Policies on page 22 of the Annual Report.

### **Assets Under Construction**

Road building schemes in the course of construction are capitalised at actual cost with no indexation.

### **Land and Buildings**

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

### **Information Technology**

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



## 1.5 Depreciation

### Infrastructure assets - the road network

Roads and associated street furniture are surveyed over a five year rolling period to assess their 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:

	<b>Life in years</b>
Road surface, sub-pavement layer, fencing, drainage and lighting	20 to 50
Road bridges, tunnels and underpasses	20 to 120
Culverts, retaining walls and gantries	20 to 120
Road communications assets	15 to 50
Assets under construction	No depreciation

The annual depreciation charge for the road surface is the value of the service potential replaced through the maintenance programme plus or minus the annual condition variance.

Structures and communications assets are depreciated on a straight line basis over the expected useful life of the asset, normally 20 to 120 years.

Land is considered to have an indefinite life and is not depreciated.

### 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:

	<b>Life in years</b>
Freehold buildings	5 to 100
Leasehold buildings	Shorter of length of lease or specific asset life
IT Equipment	3 to 10
Transport	5

## 1.6 Assets Held For Sale

A property is derecognised and held for sale according to the requirements of IFRS5 when all of the following requirements are met:

- it is available for immediate sale
- a plan is in place, supported by management, and steps have been taken to conclude the sale and
- it is actively marketed and there is an expectation that the sale will be made in less than 12 months

Assets held for sale are those which Transport Scotland expects to sell within one year. Assets classified as held for sale are measured at the lower of their carrying amounts and their fair value less cost of sale. Assets classified as held for sale are not subject to depreciation or amortisation.

## 1.7 Intangible Non-Current Assets

Intangible Non-Current assets are capitalised where expenditure of £1,000 or more is incurred in acquiring them. These are valued at historic cost and amortised on a straight line basis over the expected life of the asset.

## 1.8 Financial Instruments

Transport Scotland measures and presents financial instruments in accordance with IAS32, IAS39, and IFRS7 as interpreted and adapted by the Government Financial Reporting Manual (FReM). IAS39 requires the classification of financial instruments into separate categories for which the accounting treatment is different. Transport Scotland has classified its financial instruments as follows:

### Financial Assets:

- cash and cash equivalents, trade receivables, short term loans, accrued income relating to EU funding. Amounts receivable and shares and loans will be reported in the 'Loans and Receivables' category
- shares held in and loans advanced to public sector bodies will be reported in a separate category

### Financial Liabilities:

- borrowings, trade payables, accruals, payables, bank overdrafts and financial guarantee contracts are classified as 'Other Liabilities'

Financial instruments are initially measured at fair value with the exception of 'Shares held in and loans advanced to public sector bodies' which are held at historic cost. The fair value of the financial assets and liabilities is determined as follows:

- the fair value of cash and cash equivalents and current non-interest bearing monetary financial assets and financial liabilities approximate their carrying value and
- the fair value of other non-current monetary financial assets and financial liabilities is based on market values where a market exists, or has been determined by discounting expected cash flows by the current interest rate for financial assets and liabilities with similar risk profiles

Financial instruments subsequent measurement depends on their classification:

- all financial instruments that are held at fair value with any changes going through the Statement of Comprehensive Net Expenditure
- loans and receivables and other liabilities are held at amortised cost and not revalued unless they are included in a fair value hedge accounting relationship. Any impairment losses are charged to the Statement of Comprehensive Net Expenditure
- shares held in and loans advanced to public sector bodies are held at historic cost less impairment with any impairment losses going through the Statement of Comprehensive Net Expenditure

### **1.9 Other Infrastructure Expenditure**

Other infrastructure expenditure is differentiated between capital and resource. The capital expenditure relates to infrastructure expenditure that is capital in nature, but the asset created or enhanced is reflected either by Caledonian Maritime Assets Limited, Highlands and Islands Airports Limited, Network Rail or other external body rather than Transport Scotland. The capital expenditure reflects both direct activity in the year and the costs, in terms of capital and interest, of financing projects undertaken by Network Rail and recovered over a 30 year period.

### **1.10 Operating Income**

Operating income relates directly to the operating activities of Transport Scotland. It 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 Consolidated Fund, in accordance with the FReM. Operating income is stated net of VAT.

### **1.11 Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure, in line with the definition of administration costs by HM Treasury.

Administration costs reflect the costs of running the Agency and include staff costs as well as accommodation, communications and office supplies.

Programme costs reflect the costs of operating, maintaining, managing and improving the road, rail, aviation and maritime infrastructure in Scotland for which Transport Scotland has responsibility, as well as expenditure 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.

### **1.12 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.

### **1.13 Pensions**

Past and present employees are mainly covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), 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. This complies with IAS26.

#### **1.14 Private Finance Initiative (PFI) Transactions**

PFI transactions are accounted for in accordance with the FReM Para 6.2.49. PFI contracts that meet the definition of service concession arrangements are accounted for in accordance with IPSAS 32. Transport Scotland currently has three existing operational PFI schemes and one Non Profit Distributing (NPD) scheme currently under construction (see note 16 for more details). In each case these are examples of service concessions under IPSAS 32. The private sector operator is contractually obliged to provide the services related to the infrastructure on behalf of the Scottish Government. The infrastructure is recognised as a non-current asset when it comes into use.

The unitary payment is divided into 3 elements, namely service charge, repayment of the capital element of the contract obligation and the interest expense on it (using the interest rate implicit in the contract).

#### **1.15 Leases**

At their inception, leases are classified as operating or finance leases, based on the extent to which the risks and rewards of ownership lie with the Agency. In making the classification, the Agency considers whether the land and buildings elements of arrangements which cover both elements need to be separately accounted for.

Arrangements whose fulfilment is dependent on the use of a specific asset or which convey a right to use an asset, are assessed at their inception to determine if they contain a lease. If an arrangement is found to contain a lease, that lease is then classified as an operating or finance lease.

Rentals under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the lease term. Where the substantial risks and rewards of ownership are borne by the Agency, the asset is recorded as property, plant and equipment and a liability to the lessor is recorded of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

#### **1.16 Provisions**

Transport Scotland provides for legal and constructive obligations that are of uncertain timing or amount in the Statement of Financial Position at 31 March 2014 on the basis of the best estimate available. Provisions are charged to the Statement of Comprehensive Net Expenditure unless they will be capitalised as part of additions to non-current assets.

#### **Major Projects**

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

### **1.17 Contingent Liabilities**

Contingent Liabilities are recognised 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

### **1.18 VAT**

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. To avoid the distortion of competition, VAT can be recovered on certain categories of expenditure under s41 of the VAT Act 1994. Output VAT is charged on any taxable supplies.

Transport Scotland is not separately registered for VAT but is part of the overall Scottish Government VAT registration. The quarterly VAT return is completed centrally by the Scottish Government.

Apart from minor amounts arising from timing differences any outstanding VAT balances are accounted for by the Scottish Government.

### **1.19 Segmental Reporting**

IFRS8 Segmental Reporting requires operating segments to be identified on the basis of internal reports about components of Transport Scotland that are regularly reviewed by the accountable officer who is deemed to be the chief operating decision maker in order to manage their financial performance.

### **1.20 Trade Receivables**

Trade receivables are valued at their carrying amount. A provision for impairment is made where there is objective evidence that Transport Scotland will not be able to collect all amounts due according to the original terms of the receivables.

### **1.21 Trade Payables**

Trade payables are valued at their carrying amount.

### **1.22 Employee Benefits**

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

## 2. Staff Numbers and Costs

Staff costs comprise:

	2013-14			2012-13		
	Permanently Employed	Others	Total	Permanently Employed	Others	Total
	Staff £'000	£'000	£'000	Staff £'000	£'000	£'000
<b>Administration:</b>						
Wages and salaries costs	8,841	851	9,692	8,518	605	9,123
Social security costs	733	0	733	705	0	705
Other pension costs	1,673	0	1,673	1,621	0	1,621
Early Retiral Costs	91	0	91	453	0	453
	<b>11,338</b>	<b>851</b>	<b>12,189</b>	<b>11,297</b>	<b>605</b>	<b>11,902</b>
<b>Programme:</b>						
Wages and salaries costs	2,696	100	2,796	4,295	88	4,383
Social security costs	245	0	245	377	0	377
Other pension costs	548	0	548	880	0	880
	<b>3,489</b>	<b>100</b>	<b>3,589</b>	<b>5,552</b>	<b>88</b>	<b>5,640</b>

Total staff costs to be charged to Comprehensive Net Expenditure	14,827	951	15,778	16,849	693	17,542
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The cost of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland were charged to capital expenditure in respect of the projects identified in year. The prior year figures have also been re-stated to reflect costs that were similarly capitalised in that year, albeit this was less significant as they only related to the Forth Replacement Crossing. These costs are included with the project costs in Note 6 and are identified below.

Staff costs comprise:

	2013-14			2012-13		
	Permanently Employed	Others	Total	Permanently Employed	Others	Total
	Staff £'000	£'000	£'000	Staff £'000	£'000	£'000
<b>Capitalised Programme:</b>						
Wages and salaries costs	3,158	42	3,200	322	87	409
Social security costs	270	0	270	415	0	415
Other pension costs	594	0	594	40	0	40
	<b>4,022</b>	<b>42</b>	<b>4,064</b>	<b>777</b>	<b>87</b>	<b>864</b>

Total staff costs charged to capital expenditure	4,022	42	4,064	777	87	864
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<b>Total Staff Costs</b>	<b>18,849</b>	<b>993</b>	<b>19,842</b>	<b>17,626</b>	<b>780</b>	<b>18,406</b>
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Permanent staff are civil servants who have an employment contract with Transport Scotland. Others are agency staff.

Wages & 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 allowance to the extent that it is subject to UK taxation. The payment of legitimate expenses is not part of salary.

Within Transport Scotland no staff accepted voluntary exit under the Civil Service Compensation Scheme rules in 2013-14 compared to 7 in 2012-13. No staff retired early on ill-health grounds.

### Reporting of Civil Service and other compensation scheme - exit packages

Exit package cost band	2013-14			2012-13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
less than £10,000	0	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	6	6
£50,000 to £100,000	0	0	0	0	1	1
£100,000 to £150,000	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0
over £200,000	0	0	0	0	0	0
Total Number of exit packages	0	0	0	0	7	7
Total Resource cost (£'000)	£0	£0	£0	£0	£273	£273

Early Retiral costs include the elements actually paid in year.

### Pension Costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Transport Scotland is unable to identify its share of the underlying liabilities. As a result this scheme is accounted for as a defined contribution scheme. The scheme Actuary valued the scheme liabilities as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation. ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007 civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). 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 and nuvos are increased annually in line with Pensions Increase legislation. 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 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 0.8% 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 60 for members of classic, premium and and classic plus and 65 for members of nuvos.

For 2013-14, employers' contributions of £1,673k were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates were unchanged from 2010-11). The scheme's 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 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

<http://www.civilservice.gov.uk/pensions>

**Average numbers of persons employed**

	2013-14			2012-13		
	Permanent Staff	Others	Total	Permanent Staff	Others	Total
Trunk roads major projects	79	3	82	71	1	72
Trunk road maintenance	126	11	137	117	5	122
Rail	60	1	61	61	1	62
Finance and other	59	4	63	56	4	60
Aviation, maritime, freight & canals	25	0	25	26	0	26
Transport policy	41	2	43	38	1	39
<b>Total average staff numbers</b>	<b>390</b>	<b>21</b>	<b>411</b>	<b>369</b>	<b>12</b>	<b>381</b>

The above figures exclude Consultants, in post and not in post.



### 3. Other Administration Costs

	note	2013-14 £'000	2012-13 £'000
Rentals under operating leases		1,220	1,220
Accommodation		1,359	1,560
Office costs and supplies		1,350	1,009
Hospitality		60	42
Travel		505	436
Training		110	88
Consultancy		5	24
<b>Non-cash items</b>			
Depreciation	6/7	542	326
Loss on disposal of Non Current Assets		0	49
Prior year depreciation adjustment		0	0
Auditors' remuneration and expenses - external	22	180	180
<b>Total administration costs</b>		<b>5,331</b>	<b>4,934</b>

### 4. Programme Costs

	note	2013-14 £'000	2012-13 £'000
<b>Other programme expenditure</b>			
<b>Roads</b>			
Capital maintenance		94,364	82,223
Current maintenance		90,353	102,421
Other		357	865
PFI Interest charges		31,341	31,948
PFI service charges		27,591	25,018
<b>Rail</b>			
ScotRail franchise		492,216	452,520
Rail infrastructure in Scotland		285,362	293,021
Other		3,612	2,859
<b>Concessionary travel</b>			
Smartcard applications		2,729	2,028
Concessionary travel schemes		191,085	190,045
<b>Other public transport</b>			
Major public transport projects - rail		55,771	34,205
Transport information		1,014	510
Strategic projects review		800	903
Ferry services in Scotland		138,301	115,519
Air services in Scotland		30,203	30,929
Bus services in Scotland		51,517	64,987
Other transport directorate programmes		55,211	43,278
Scottish Futures Fund Projects		2,893	2,138
Central government grants to local authorities		20,832	22,929
<b>Non-cash items</b>			
Depreciation	6/7	55,961	151,061
<b>Total other programme costs</b>		<b>1,631,513</b>	<b>1,649,407</b>

\* The Rail infrastructure in Scotland capital figure of £285,362k was paid directly to Network Rail

\*\* All infrastructure expenditure is now classed as Capital

\*\*\* Payments to Scotrail Franchise in 2013-14 totalled £492,228k as per note 17.

This included depreciation costs totalling £12k which are included within the Depreciation charges (under non-cash items) as required by the International Financial Reporting Standards (IFRS).

## 5. Operating Income

	2013-14 £'000	2012-13 £'000
<b>Programme income</b>		
Interest receivable - loans	(2,949)	(2,726)
Rental income - land & properties	(4)	(6)
Other income	(124)	0
Ports income	(14)	(18)
Profit on disposal of land	(223)	0
<b>Total operating income</b>	<b>(3,314)</b>	<b>(2,750)</b>

Operating income principally arises from:

- interest receivable from loans to Caledonian Maritime Assets Limited (CMAL)
- rental income from land and properties acquired for road schemes and now surplus to requirements
- sale of land and property which is surplus to the requirements of the road or rail scheme
- port income fees for authorising works to ports and harbours

## 6. Property, Plant and Equipment

2013-14	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 April 2013	20,585,227	5,819	10,214	31	4,602	1,508	553,507	21,160,908
Detrunings	(5,693)	0	0	0	0	0	0	(5,693)
Additions	14,486	54	0	31	7	0	279,371	293,949
Disposals	0	(520)	0	0	0	0	0	(520)
Revaluation	(252,296)	157	272	0	0	0	0	(251,867)
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(25,198)	0	0	0	0	0	0	(25,198)
Transfers and reclassifications	5,123	0	0	0	0	0	(5,123)	0
Transfers from assets held for sale	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2014</b>	<b>20,321,649</b>	<b>5,510</b>	<b>10,486</b>	<b>62</b>	<b>4,609</b>	<b>1,508</b>	<b>827,755</b>	<b>21,171,579</b>
<b>Depreciation</b>								
At 1 April 2013	3,151,926	0	1,297	5	4,216	1,294	0	3,158,738
Detrunings	(1,324)	0	0	0	0	0	0	(1,324)
Charge for the year	52,499	0	449	11	148	27	0	53,134
Disposals	0	0	0	0	0	0	0	0
Revaluation	(9,467)	0	45	0	0	0	0	(9,422)
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	209	0	0	0	0	0	0	209
Transfers and reclassifications	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2014</b>	<b>3,193,843</b>	<b>0</b>	<b>1,791</b>	<b>16</b>	<b>4,364</b>	<b>1,321</b>	<b>0</b>	<b>3,201,335</b>
<b>Net Book Value at 31 March 2014</b>	<b>17,127,806</b>	<b>5,510</b>	<b>8,695</b>	<b>46</b>	<b>245</b>	<b>187</b>	<b>827,755</b>	<b>17,970,244</b>
<b>Net Book Value at 31 March 2013</b>	<b>17,433,301</b>	<b>5,819</b>	<b>8,917</b>	<b>26</b>	<b>386</b>	<b>214</b>	<b>553,507</b>	<b>18,002,170</b>
<b>Asset Financing</b>								
Ow ned	15,673,320	5,510	8,695	46	245	187	827,755	16,515,758
Finance Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	1,454,486	0	0	0	0	0	0	1,454,486
Donated	0	0	0	0	0	0	0	0
<b>Net Book Value at 31 March 2014</b>	<b>17,127,806</b>	<b>5,510</b>	<b>8,695</b>	<b>46</b>	<b>245</b>	<b>187</b>	<b>827,755</b>	<b>17,970,244</b>

## 6. Property, Plant and Equipment

2012-13	Road Network £'000	Land £'000	Buildings £'000	Transport £'000	IT £'000	Leasehold Improvements £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 April 2012	20,208,866	4,948	5,047	0	4,602	1,508	263,390	20,488,361
Detrunings	0	0	0	0	0	0	0	0
Additions	12,102	0	0	31	0	0	357,710	369,843
Disposals	0	(220)	0	0	0	0	0	(220)
Revaluation	339,493	(274)	1,300	0	0	0	0	340,519
Current valuation adjustments	82,030	0	0	0	0	0	0	82,030
Historic valuation adjustments	(182,063)	1,207	(1,712)	0	0	0	0	(182,568)
Transfers and reclassifications	124,799	0	5,579	0	0	0	(67,593)	62,785
Transfers from assets held for sale	0	158	0	0	0	0	0	158
<b>Balances at 31 March 2013</b>	<b>20,585,227</b>	<b>5,819</b>	<b>10,214</b>	<b>31</b>	<b>4,602</b>	<b>1,508</b>	<b>553,507</b>	<b>21,160,908</b>
<b>Depreciation</b>								
At 1 April 2012	3,061,623	0	1,108	0	3,652	1,268	0	3,067,651
Detrunings	0	0	0	0	0	0	0	0
Charge for the year	150,470	0	199	5	564	26	0	151,264
Disposals	0	0	0	0	0	0	0	0
Revaluation	5,688	0	(10)	0	0	0	0	5,678
Current valuation adjustments	(19,022)	0	0	0	0	0	0	(19,022)
Historic valuation adjustments	(49,685)	0	0	0	0	0	0	(49,685)
Transfers and reclassifications	2,852	0	0	0	0	0	0	2,852
<b>Balances at 31 March 2013</b>	<b>3,151,926</b>	<b>0</b>	<b>1,297</b>	<b>5</b>	<b>4,216</b>	<b>1,294</b>	<b>0</b>	<b>3,158,738</b>
<b>Net Book Value at 31 March 2013</b>	<b>17,433,301</b>	<b>5,819</b>	<b>8,917</b>	<b>26</b>	<b>386</b>	<b>214</b>	<b>553,507</b>	<b>18,002,170</b>
<b>Net Book Value at 1 April 2012</b>	<b>17,147,243</b>	<b>4,948</b>	<b>3,939</b>	<b>0</b>	<b>950</b>	<b>240</b>	<b>263,390</b>	<b>17,420,710</b>
<b>Asset Financing</b>								
Ow ned	15,988,602	5,819	8,262	26	386	214	553,507	16,556,816
Finance Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	1,444,699	0	0	0	0	0	0	1,444,699
Donated	0	0	655	0	0	0	0	655
<b>Net Book Value at 31 March 2013</b>	<b>17,433,301</b>	<b>5,819</b>	<b>8,917</b>	<b>26</b>	<b>386</b>	<b>214</b>	<b>553,507</b>	<b>18,002,170</b>

Detrankings reflect transfer of road assets to local authorities, with the corresponding entry flowing through the General Fund (SoCTE).

WS Atkins LLP (RICS Regulated) carry out an annual valuation of the trunk road network.

Revaluation is based on Baxter's indexation for all road network assets apart from land. Land is valued at market rates based on information supplied by the Valuation Office Agency. All revaluation movement is reflected through the revaluation reserve (SoCTE). The movement in the revaluation reserve in year relates to a downward revaluation of land as a consequence of the depressed price of land. This represents approximately 1% of the value of the network.

## 7. Intangible Assets

<b>2013-14</b>	<b>Software Licences £'000</b>
<b>At replacement cost or valuation</b>	
At 1 April 2013	461
Additions	0
Disposals	0
<b>Balance at 31 March 2014</b>	<b>461</b>
<b>Accumulated Amortisation</b>	
At 1 April 2013	226
Charge for the year	118
Revaluations	0
Disposals	0
<b>Balance at 31 March 2014</b>	<b>344</b>
<b>Net Book Value at 31 March 2014</b>	<b>117</b>
<b>2012-13</b>	<b>Software Licences £'000</b>
<b>At replacement cost or valuation</b>	
At 1 April 2012	461
Additions	0
Disposals	0
<b>Balance at 31 March 2013</b>	<b>461</b>
<b>Accumulated Amortisation</b>	
At 1 April 2012	103
Charge for the year	123
Revaluations	0
Disposals	0
<b>Balance at 31 March 2013</b>	<b>226</b>
<b>Net Book Value at 31 March 2013</b>	<b>235</b>

Purchased computer software licences are capitalised as intangible non-current assets where expenditure of £1,000 or more is incurred. These are valued at historic cost and amortised on a straight line basis over the expected life of the asset.

## 8. Assets Held For Sale

The above assets have been presented for sale by Transport Scotland with the completion date for sale expected to be within 12 months. Assets classified as held for sale are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

<b>2013-14</b>	<b>Land £'000</b>
Balance at 1 April 2013	174
Transfers to Non-Current Assets	0
Transfers from Non-Current Assets	0
Disposals	(5)
Change arising on revaluation	0
<b>Balance at 31 March 2014</b>	<b>169</b>

<b>2012-13</b>	<b>Land £'000</b>
Balance at 1 April 2012	312
Transfers to Non-Current Assets	(158)
Transfers from Non-Current Assets	0
Disposals	(65)
Change arising on revaluation	85
<b>Balance at 31 March 2013</b>	<b>174</b>

## 9. Financial Assets

<b>2013-14</b>	<b>Interests in Nationalised Industries &amp; Limited Companies</b>	<b>Voted Loans</b>	<b>Other Funds</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2013	20,550	66,394	0	86,944
Add element reported within current assets	0	3,018	0	3,018
Advances and repayments				
Cash advances	0	6,400	5,827	12,227
Repayments	0	(3,018)	0	(3,018)
<b>Balance at 31 March 2014</b>	<b>20,550</b>	<b>72,794</b>	<b>5,827</b>	<b>99,171</b>
Loans repayable within 12 months transferred to current assets	0	(3,018)	0	(3,018)
<b>Balance at 31 March 2014</b>	<b>20,550</b>	<b>69,776</b>	<b>5,827</b>	<b>96,153</b>

<b>2012-13</b>	<b>Interests in Nationalised Industries &amp; Limited Companies</b>	<b>Voted Loans</b>	<b>Other Funds</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2012	20,550	58,812	0	79,362
Add element reported within current assets	0	3,018	0	3,018
Advances and repayments				
Cash advances	0	10,600	0	10,600
Repayments	0	(3,018)	0	(3,018)
<b>Balance at 31 March 2013</b>	<b>20,550</b>	<b>69,412</b>	<b>0</b>	<b>89,962</b>
Loans repayable within 12 months transferred to current assets	0	(3,018)	0	(3,018)
<b>Balance at 31 March 2013</b>	<b>20,550</b>	<b>66,394</b>	<b>0</b>	<b>86,944</b>

Financial Assets have been measured and presented in accordance with IAS32, IAS39 and IFRS7 as modified by the FReM (see note 1.8).

As at 31 March 2014, the Scottish Ministers, represented by Transport Scotland, are the sole shareholder in Caledonian Maritime Assets Limited, David MacBrayne Limited, Highlands and Islands Airports Limited and Prestwick Holdco Limited. The Scottish Ministers hold the following investments:

Caledonian Maritime Assets Limited	1,500,000 ordinary shares of £10 each
David MacBrayne Limited	5,500,002 ordinary shares of £1 each
Highlands and Islands Airports Limited	50,000 ordinary shares of £1 each
Prestwick Holdco Limited	1 ordinary share of £1

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

	Prestwick Holdco Limited	Highlands and Islands Airports Ltd	Caledonian Maritime Assets Ltd	David MacBrayne Ltd
	£m	£m	£m	£m
Net assets as at 31 March 2014	0.3	(10.3)	80.3	20.7
Turnover	11.8	19.7	25.0	154.0
Profit/(Loss) for the financial year	(4.4)	(4.5)	(6.8)	0.2

All results are draft and subject to audit. Final accounts have yet to be published. The deficit in Caledonian Maritime Assets Limited relates to agreed additional expenditure from accumulated reserves.

### **Highlands and Islands Airports Limited (HIAL)**

The Scottish Ministers are the sole shareholders 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 of Scotland and Dundee Airport, which it assumed responsibility for in December 2007 and now operates via a wholly owned subsidiary company, Dundee Airport Limited.

### **Caledonian Maritime Assets Limited (CMAL)**

Following a restructure of the Caledonian MacBrayne group in 2006, Caledonian MacBrayne Limited became known as Caledonian Maritime Assets Limited (CMAL) and CalMac Ferries Limited (CFL) was incorporated. CFL took over operation of the Clyde & Hebrides Ferry Services as successor to Caledonian MacBrayne Limited. CMAL retained ownership of all vessels and ports, which it leases to the operator of the Clyde & Hebrides Ferry services (currently CFL). CMAL remains wholly owned by Scottish Ministers.

### **David MacBrayne Limited**

Scottish Ministers previously owned 2 shares of £1 in a dormant company, David MacBrayne Limited. In the course of the restructuring of the Caledonian MacBrayne group in 2006, Scottish Ministers' shareholding in David MacBrayne Limited was increased by 5,500,000 shares to 5,500,002 ordinary shares of £1. David MacBrayne Limited is now the holding company for the ferry operating companies CalMac Ferries Limited and Argyll Ferries Limited, and for the dormant companies NorthLink Ferries Limited, Cowal Ferries Limited and Rathlin Ferries Limited.

## Prestwick Holdco Limited

In 2013 Transport Scotland purchased the entire share capital of Prestwick Aviation Holdings Limited, which is the holding company of subsidiaries who own and operate Glasgow Prestwick Airport, through a company set up for this specific purpose – TS Prestwick Holdco Limited. Subsequently Transport Scotland advanced loan funding to the group to cover the cash deficit arising from its operating deficit and capital expenditure.

## Other Interests: Voted Loans

Transport Scotland provides loans to Caledonian Maritime Assets Limited to be used for the construction of new shipping, for harbour improvements and to Independent Harbour Trusts.

## 10. Trade Receivables and Other Assets

10a Analysis by classification	as at 31/03/14 £'000	as at 31/03/13 £'000
<b>Amounts falling due within one year:</b>		
<b>Trade and other receivables</b>		
Trade and other receivables	10	15,130
Damage claims	3,112	4,839
Prepayments and accrued income	88,523	37,967
	91,644	57,936
<b>Amounts falling due after more than one year:</b>		
Other receivables	65,000	100,000
	65,000	100,000
<b>10b Intra-government balances</b>	<b>as at 31/03/14 £'000</b>	<b>as at 31/03/13 £'000</b>
<b>Amounts falling due within one year:</b>		
<b>Intra-government balances</b>		
Other central government bodies	26	0
Local authorities	4	393
Public corporations and trading funds	1,985	2,779
	2,015	3,172
<b>Balances with bodies external to government</b>	89,629	54,764
<b>Total receivables</b>	91,644	57,936
<b>Amounts falling due after more than one year:</b>		
<b>Intra-government balances</b>		
Other central government bodies	0	0
Local authorities	0	0
Public corporations and trading funds	0	0
	0	0
<b>Balances with bodies external to government</b>	65,000	100,000
<b>Total receivables</b>	65,000	100,000

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

	as at 31/03/14 £'000	as at 31/03/13 £'000
At 1 April	3	13
Charge for the year	0	0
Unused amount released	0	0
Utilised during the year	(3)	(10)
At 31 March	0	3



## 11. Trade Payables and Other Liabilities

11a Analysis by classification	as at 31/03/14 £'000	as at 31/03/13 £'000
<b>Amounts falling due within one year:</b>		
Trade payables	35,741	24,689
Other payables	248,977	167,572
Financial liabilities - PFI	9,718	9,066
	<b>294,436</b>	<b>201,327</b>
<b>Amounts falling due after more than one year:</b>		
Other payables	1,882	2,917
Financial liabilities - PFI	442,218	451,935
	<b>444,100</b>	<b>454,852</b>
<b>11b Intra-government balances</b>	<b>as at 31/03/14 £'000</b>	<b>as at 31/03/13 £'000</b>
<b>Amounts falling due within one year:</b>		
<b>Intra-government balances</b>		
Other central government bodies	123	112
Local authorities	37,195	25,346
Public corporations and trading funds	13,712	3,446
	<b>51,030</b>	<b>28,904</b>
<b>Balances with bodies external to government</b>	<b>243,406</b>	<b>172,423</b>
<b>Total payables</b>	<b>294,436</b>	<b>201,327</b>
<b>Amounts falling due after more than one year:</b>		
<b>Intra-government balances</b>		
Other central government bodies	0	0
Local authorities	110,412	113,215
Public corporations and trading funds	0	0
	<b>110,412</b>	<b>113,215</b>
<b>Balances with bodies external to government</b>	<b>333,688</b>	<b>341,637</b>
<b>Total payables</b>	<b>444,100</b>	<b>454,852</b>

## 12. Provisions for Liabilities and Charges

12a Provisions for liabilities and charges	Land and Property			Total
	Acquisition	Major Projects	Other	
2013-14	£'000	£'000	£'000	£'000
Balance as at 1 April 2013	112,643	12,124	1,212	125,979
Provided in year	280	0	3	283
Provisions not required written back	(1,000)	(1,000)	(2)	(2,002)
Provisions utilised in year	(10,554)	0	(138)	(10,692)
Discount Amortised	(108)	(3)	18	(93)
Balance as at 31 March 2014	101,261	11,121	1,093	113,475

2012-13				
Balance as at 1 April 2012	44,944	13,016	2,338	60,298
Provided in year	74,131	0	41	74,172
Provisions not required written back	0	0	(122)	(122)
Provisions utilised in year	(10,304)	(1,309)	(1,043)	(12,656)
Discount Amortised	3,872	417	(2)	4,287
Balance as at 31 March 2013	112,643	12,124	1,212	125,979

12b Analysis of expected timing of discounted flows	Land and Property			Total
	Acquisition	Major Projects	Other	
	£'000	£'000	£'000	£'000
In the remainder of the period to 2015	42,958	4,498	423	47,879
Between 2016 and 2019	58,303	6,623	660	65,586
Between 2020 and 2024	0	0	10	10
Thereafter	0	0	0	0
Balance as at 31 March 2014	101,261	11,121	1,093	113,475

In the remainder of the period to 2014	47,678	6,899	464	55,041
Between 2015 and 2018	64,965	5,025	686	70,676
Between 2019 and 2023	0	200	62	262
Thereafter	0	0	0	0
Balance as at 31 March 2013	112,643	12,124	1,212	125,979

### 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 procedures, it is 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 Valuation office Agency (VOA) are reviewed bi-annually.

### Major Projects

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

## Other

Transport Scotland agreed to meet the additional agreed cost 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.

### 13. Movement on Working Capital Balances

	note	as at 31/03/14 £'000	as at 31/03/13 £'000	2013-14 Net Movement £'000	2012-13 Net Movement £'000
<b>Receivables</b>					
Due within one year	8/10	91,813	58,110	(33,703)	(30,701)
Due after more than one year	10	65,000	100,000	35,000	(49,029)
Net decrease/(increase)		156,813	158,110	1,297	(79,730)
<b>Payables</b>					
Due within one year	11	294,436	201,327	93,109	65,528
Due after more than one year	11	444,100	454,852	(10,752)	(8,988)
		738,536	656,179	82,357	56,540
Less: Lease and PFI creditors included in above	11	451,936	461,001	(9,065)	(8,298)
Net (decrease)/increase		286,600	195,178	91,422	64,838
<b>Provisions</b>					
	12	113,474	125,979	(12,505)	65,681
Net (decrease)/increase		113,474	125,979	(12,505)	65,681
Net movement (decrease)/increase		556,888	479,267	80,214	50,789

### 14. Capital Commitments

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

	as at 31/03/14 £'000	as at 31/03/13 £'000
Property, plant and equipment	802,462	1,061,283
Total contracted capital commitments for which no provision has been made	802,462	1,061,283
Investments	0	3,993
Total authorised but not contracted capital commitments for which no provision has been made	0	3,993

### 15. Commitments under Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:	as at 31/03/14 £'000	as at 31/03/13 £'000
<b>Land &amp; buildings</b>		
Due within 1 year	1,444	1,444
Due after 1 year but not more than 5 years	5,467	5,621
Commitments thereafter	2,579	3,869
	9,490	10,934

## 16. Commitments under PFI Contracts

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:

- a) M6 (M74) - the contract covers the design, construction and financing of 28.3km of new Scottish motorway along this route, as well as the operation and maintenance of 90km of new and existing Scottish motorway. Payments are made under a shadow toll regime. The toll period began in July 1997 and expires in July 2027.
- b) 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 new Scottish motorway and new 9km local link road between the new motorway and the A726 trunk road. Payments are made under a shadow toll regime. The toll period began in April 2005 and expires in April 2035.
- c) M80 - the contract covers the design, build and financing of approximately 18 km of dual two/three lane motorway, together with, but not limited to, associated slip roads, side roads, junctions, structures, culverts and associated works. The contract also incorporates the operation and maintenance of the new motorways, associated structures, and related elements for a period of 30 years after completion of the New Works. Unitary charge payments commenced in September 2011 and will cease in September 2041.

Under IPSAS 32, the substance of these PFI contracts is that the Agency has a finance lease, with the asset being recognised as a non-current asset of the Agency. Payments under PFI contracts are comprised of two elements; imputed finance lease charges and services charges.

Transport Scotland has also entered into the following contract for the design, build, finance and maintenance of assets yet to be reflected on the Statement of Financial Position.

M8, M73, M74 Improvements - the project will upgrade the A8 Baillieston to Newhouse, completing the M8 motorway between Glasgow and Edinburgh, including improvements to the M74 Raith Interchange and widening of key sections of the M8, M73 and M74. The Non Profit Distributing (NPD) contract also incorporates the management, operation and maintenance (routine, winter and major maintenance works) of this core section of the motorway network for the next 30 years. The unitary charge payments will become committed after construction completion in 2017 and will cease in 2047.

Imputed finance lease obligations under PFI contracts comprise:

	as at 31/03/14	as at 31/03/13
	£'000	£'000
Rentals due within 1 year	40,407	40,407
Rentals due within 2 to 5 years	161,627	161,627
Rentals due thereafter	701,212	741,619
	903,246	943,653
Less: Interest element (finance cost)	(451,311)	(482,652)
Total capital cost	451,935	461,001

Imputed service charge obligations under PFI contracts comprise:

	as at 31/03/14	as at 31/03/13
	£'000	£'000
Service charge due within 1 year	44,086	27,743
Service charge due within 2 to 5 years	217,540	200,768
Service charge due thereafter	433,518	487,948
<b>Total service charge</b>	<b>695,144</b>	<b>716,459</b>

Transport Scotland does not have any commitments under PFI contracts in respect of assets that are not reflected in the Statement of Financial Position.

## 17. Other Financial Commitments – Rail

Transport Scotland is committed to pay an income stream to Network Rail in accordance with the Deed of Grant and to First Scotrail under the Franchise Agreement.

Network Rail - control period 4 for Network Rail ran from April 2009 to March 2014. The Determination for the next control period from April 2014 to March 2019 has now been set by the Office of Rail Regulation and therefore is also reflected below.

First Scotrail - the First Scotrail franchise has been extended to 31 March 2015.

The total amount charged to the Transport Scotland Statement of Comprehensive Net Expenditure in respect of these schemes is:

	2013-14	2012-13
	£'000	£'000
Network Rail	285,361	293,021
First Scotrail	492,228	452,531
<b>Total</b>	<b>777,589</b>	<b>745,552</b>

The amounts due under these contracts in the following year, analysed between those periods where the commitment expires are:

	Network Rail £'000	First Scotrail £'000	Total £'000
Expiry within 0-12 months	426,000	293,379	719,379
Expiry within 1 to 2 years	451,000	0	451,000
Expiry within 2 to 5 years	1,198,000	0	1,198,000
<b>Total</b>	<b>2,075,000</b>	<b>293,379</b>	<b>2,368,379</b>

## 18. Financial Instruments

### 18a Financial Instruments by Category

Assets per statement of financial position	note	Assets at Fair Value through Profit and Loss £'000	Loans and Receivables £'000	Total £'000
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.		0	106,648	106,648
<b>Balance as at 31 March 2014</b>		<b>0</b>	<b>106,648</b>	<b>106,648</b>

Liabilities per statement of financial position	note	Assets at Fair Value through Profit and Loss £'000	Other Financial Liabilities £'000	Total £'000
PFI liabilities	<a href="#">16</a>	0	451,935	451,935
Trade and other payables excluding statutory liabilities (VAT and income tax and social security)		0	280,460	280,460
Balance as at 31 March 2014		0	732,395	732,395

## 18b Financial Risk Factors

### Exposure to Risk

Transport Scotland's activities expose it to a variety of financial risks:

- i. Credit risk - the possibility that other parties might fail to pay amounts due.
- ii. Liquidity risk - the possibility that Transport Scotland might not have funds available to meet its commitments to make payments.
- iii. Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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 business entities.

### Risk management

A high level risk strategy has been put in place which provides a consistent approach to the implementation of risk management within Transport Scotland at a strategic, programme and project level. This is now considered at each meeting of the Audit and Risk Committee.

#### i) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by Transport Scotland. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

## ii) Liquidity Risk

The Scottish Parliament makes provision for the use of resources by Transport Scotland for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. Transport Scotland is not, therefore, exposed to significant liquidity risks.

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

	Carrying value £'000	0-12 months £'000	1-2 years £'000	2-5 years £'000	5-10 years £'000	>10 years £'000
Non-derivative liabilities	732,395	288,972	11,623	36,001	79,774	316,025
Derivative liabilities	0	0	0	0	0	0
<b>Total financial liabilities</b>	<b>732,395</b>	<b>288,972</b>	<b>11,623</b>	<b>36,001</b>	<b>79,774</b>	<b>316,025</b>

## iii) Market Risk

Transport Scotland has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing Transport Scotland in undertaking its activities.

1. Cash Flow and Fair Value Interest Rate Risk:  
Transport Scotland loans to CMAL accrue interest at the rate set for the National Loans Fund and its income and expenditure and cash flows are dependent of changes in market interest rates that affect this. Transport Scotland has interest bearing liabilities in respect of PFI schemes and minor lease rentals that are determined in the contracts entered and, as such, the related income, expenditure and cash flows are substantially independent of changes in market interest rates.
2. Foreign Currency Risk:  
Transport Scotland is not directly exposed to foreign exchange rate risks.
3. Price Risk:  
Transport Scotland is not exposed to equity security price risk.

## 18c Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

## **19. Contingent Liabilities**

### **19a Contingent Assets disclosed under IAS37**

Transport Scotland successfully defended an allegation of GARL copyright infringement, and a subsequent appeal which was dismissed in May 2012. The process of recovering the expenses awarded by the Court of Session is continuing.

### **19b Contingent Liabilities disclosed under IAS37**

Transport Scotland has a guarantee in place in relation to funding received by European Union re TENS-T funding for GARL Project where there is an obligation for a period of 5 years, to require repayment of 50% of the total funding (€850,000 / £697,298) should it be considered that the monies were not used for the purposes agreed under the original application. This liability runs out in July 2015 and would be based on the exchange rate at the time any repayment is made.

As part of Transport Scotland normal course of business the Forestry Commission granted Transport Scotland the right to use a forestry track as an emergency diversion route on the A83 at the Rest and Be Thankful on the understanding that Transport Scotland will have 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 not considered likely that any liability will occur.

### **19c Possible Contingent Liabilities not required under IAS37 but included for parliamentary reporting and accountability purposes**

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

- i. Contracts held by Transport Scotland should include indemnity clauses where risk is either considered part of the normal course of business or is not quantifiable:
  - operating agreement (ScotRail Franchise Agreement) with indemnity dated 2004 to First ScotRail
  - indemnity clause in roads contracts to compensate Network Rail for any damage or loss of access
  - liability agreement for any issues caused by the GARL ground investigation work for the next 10 years
- ii. Guarantees / Letters of Comfort issued by Transport Scotland on behalf of Scottish Ministers:
  - s54 guarantees issued as part of rail rolling stock procurement process
  - Scottish Government underwriting First ScotRail pension fund in line with that provided to other train operators by DfT



- iii. Other contingent liabilities held by Transport Scotland:
  - Monklands Canal - maintenance of pipes under trunk roads
- iv. Procurement
  - two legal challenges in respect of contracts awarded are on-going in respect of the procurement of the Northern Isles Ferry Service and additional road salt for winter maintenance. Transport Scotland intends to defend its position in respect of these challenges through the appropriate legal processes

## **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. David MacBrayne Limited, Caledonian Maritime Assets Limited (CMAL) and Highlands & Islands Airports Limited (HIAL) are wholly owned subsidiaries of Transport Scotland with whom it also had various material transactions during the year.

In 2013 Transport Scotland purchased the entire share capital of Prestwick Aviation Holdings Limited, which is the holding company of subsidiaries who own and operate Glasgow Prestwick Airport, through a company set up for this specific purpose – TS Prestwick Holdco Limited. Subsequently Transport Scotland advanced loan funding to the group to cover the cash deficit arising from its operating deficit and capital expenditure.

Loans were also advanced to and repaid from CMAL to fund vessel construction and grants paid to HIAL to subsidise its operating and capital expenditure and to CMAL to fund agreed pier and harbour infrastructure projects. David MacBrayne Limited is the parent company of Calmac Ferries Limited, Argyll Ferries Limited and Northlink Ferries Limited who operated Ferry Services under contracts with Transport Scotland, which Transport Scotland supported by 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, Sustrans, the Energy Saving Trust, Loganair Limited, Forth Estuary Transport Authority, Northern Isles Ferries Limited, Cycling Scotland, Strathclyde Partnership for Transport, Tay Road Bridge Joint Board and Lothian Buses 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

2013-14	Resource	Net		Income	Non Cash	AME	Total
		Investment	Income				
<b>Total continuing segments</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Roads	88,079	98,997	(351)	55,750	58,932	301,407	
Rail	493,831	344,187	0	13	0	838,031	
Concessionary travel & Bus services	245,204	1,278	0	198	0	246,680	
Other public transport	18,534	36,245	0	0	0	54,779	
Ferry services in Scotland	128,345	9,999	(2,927)	0	0	135,417	
Air services in Scotland	23,084	7,118	(35)	0	0	30,167	
Other transport directorate programmes	19,101	0	0	0	0	19,101	
Scottish Futures Fund	1,000	1,893	0	0	0	2,893	
Grants to local authorities	0	20,833	0	0	0	20,833	
	1,017,178	520,550	(3,313)	55,961	58,932	1,649,308	

2012-13	Resource	Net		Income	Non Cash	AME	Total
		Investment	Income				
<b>Total continuing segments</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Roads	94,802	94,213	(6)	150,470	56,966	396,445	
Rail	454,726	328,871	0	13	0	783,610	
Concessionary travel & Bus services	256,776	1,591	0	575	0	258,942	
Other public transport	17,927	23,680	0	0	0	41,607	
Ferry services in Scotland	114,283	1,263	(2,745)	0	0	112,801	
Air services in Scotland	25,782	5,147	0	0	0	30,929	
Other transport directorate programmes	19,732	0	0	0	0	19,732	
Scottish Futures Fund	633	1,505	0	0	0	2,138	
Grants to local authorities	0	22,929	0	0	0	22,929	
	984,661	479,199	(2,751)	151,058	56,966	1,669,133	

### 21b Business Segments – Capital Expenditure

2013-14	Trunk Road Maintenance	Capital Projects	Other Assets	Voted Loans	Total Capital Expenditure
<b>Total continuing segments</b>					
Roads	14,487	275,974	87	0	290,548
Rail	0	0	0	0	0
Other public transport	0	0	0	0	0
Ferry, aviation and other services in Scotland	0	0	0	9,209	9,209
	14,487	275,974	87	9,209	299,757

2012-13	Trunk Road Maintenance	Capital Projects	Other Assets	Voted Loans	Total Capital Expenditure
<b>Total continuing segments</b>					
Roads	12,102	357,425	31	0	369,558
Rail	0	0	0	0	0
Other public transport	0	0	0	0	0
Ferry, aviation and other services in Scotland	0	0	0	7,582	7,582
	12,102	357,425	31	7,582	377,140

## 22. Notional Charges

The following notional charges have been included in the accounts:

	note	2013-14	2012-13
Auditors' remuneration	<a href="#">3</a>	180	180
		180	180

## 23. Losses and Special Payments

	number of cases	2013-14 £'000	2012-13 £'000
Total cash losses	50	1,777	90
Details of cases over £250,000	2	1,192	0
Including - claims abandoned		1,777	90
- 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 they have been fatally injured. The costs are held in a debtor account until the recovery is successful. In 2014-15 Transport Scotland undertook a detailed review of the costs held in the debtor account to identify those that are due to be or in the process of being recovered. The costs that are no longer being pursued because they are assessed as not likely to be recoverable amounted to £1.8 million in respect of 50 cases and these have now been written off.

## 24. GARL Closedown Costs

Branchline works for Glasgow Airport Rail-Link (GARL) were cancelled in September 2009. However, obligations under the GARL Act for certain branchline works were not cancelled. Where obligations under the GARL Act could not be cancelled, costs were incurred as a result. These costs included land and associated costs, BAA costs and associated compensation, contractor closedown costs and completion of advanced works, where completion was a more cost effective solution than cessation.

Costs incurred in 2013-14 were £39,000 (2012-13 £100,000), with revenues of £50,000 generated (2012-13 £200,000)



TRANSPORT SCOTLAND  
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*

Further copies of this document are available, on request, in audio and large print formats and in community languages, please contact:

اس دستاویز کی مزید کاپیاں آڈیو کیسیٹ پر اور بڑے حروف کی چھپائی میں اور کیوئی کی زبانوں میں طلب کیے جانے پر دستیاب ہیں، برائے مہربانی اس پتے پر رابطہ کریں:

এই ডকুমেন্ট-এর (দলিল) অতিরিক্ত কপি, অডিও এবং বড়ো ছাপার অক্ষর আকার এবং সম্প্রদায়ের ভাষায় অনুরোধের মাধ্যমে পাওয়া যাবে, অনুগ্রহ করে যোগাযোগ করুন:

**Gheibhear lethbhreacan a bharrachd ann an cruth ris an èistear, ann an clò mòr agus ann an cànan coimhearsnachd. Cuir fios gu:**

इस दस्तावेज़/कागज़ात की और प्रतियाँ, माँगे जाने पर, ऑडियो टैप पर और बड़े अक्षरों में तथा कम्प्यूनिटी भाषाओं में मिल सकती हैं, कृपया संपर्क करें:

ਇਸ ਦਸਤਾਵੇਜ਼/ਕਾਗਜ਼ਾਤ ਦੀਆਂ ਹੋਰ ਕਾਪੀਆਂ, ਮੰਗੇ ਜਾਣ 'ਤੇ, ਆੱਡਿਓ ਟੇਪ ਉੱਪਰ ਅਤੇ ਵੱਡੇ ਅੱਖਰਾਂ ਵਿਚ ਅਤੇ ਕੰਮਿਊਨਿਟੀ ਭਾਸ਼ਾਵਾਂ ਦੇ ਵਿਚ ਮਿਲ ਸਕਦੀਆਂ ਹਨ, ਕ੍ਰਿਪਾ ਕਰਕੇ ਸੰਪਰਕ ਕਰੋ:

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**The Scottish  
Government**  
Riaghaltas na h-Alba