

TRANSPORT
SCOTLAND
CÒMHDHAIL ALBA



Annual Report & Accounts For the year ended 31 March 2021

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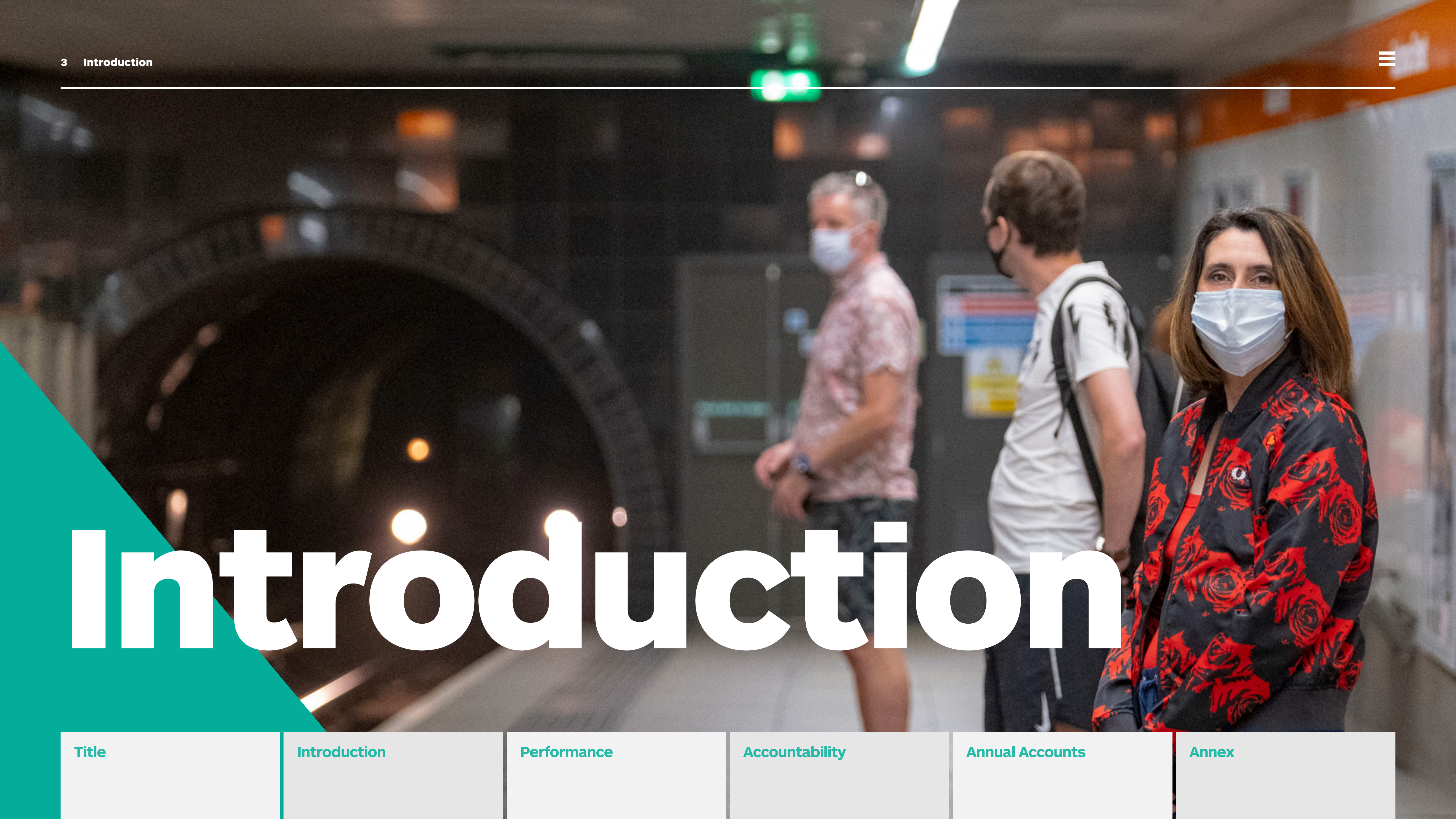
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Foreword by Chief Executive Roy Brannen

I am proud to present Transport Scotland's Annual Report and Accounts for 2020-21 which sets out our performance against the objectives contained in our corporate plan for 2020-21. These reflect the key contribution we make to improving transport for the people of Scotland, in line with the Scottish Government strategic objectives.

The financial year 2020-21 has been dominated by the challenges faced by the COVID-19 pandemic and our response to it. The impact on the organisation has been substantial, with the majority of our resources having to be re-focused, and the key element of our response being to ensure the provision of support to public transport operators in order to enable essential services to continue to operate safely, for staff and members of the public, across all of the modes. Our objectives were also heavily influenced by the Climate Change Emergency and the need to reduce carbon emissions, and this has been reflected in our approach to transition from the pandemic.

As we continue to move through the different levels set out in the Strategic Framework, our work on transport transition will continue to adapt quickly, and we recognise that we must review and assess the latest information and provide appropriate guidance and financial support to public transport operators. The impact of restrictions associated with managing the pandemic on transport has been significant and we must continue to consider how we support Scotland's public transport system and reduce inequalities whilst at the same time delivering long-term reductions in transport emissions in line with Climate Change targets.

Our response to this health emergency reflects the expertise and commitment of our staff across all of our business areas. This collaborative and creative approach has allowed us to deal successfully with a wide range of challenges, but we remain alert to the fact that there will undoubtedly be more challenges that lie ahead. Our work on the future of public transport, in the context of COVID-19, the impact of leaving the European Union and further strengthening our expertise in dealing with weather related resilience events remain at the forefront of our thinking.

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The new National Transport Strategy for Scotland (NTS2) sets out an ambitious and compelling vision for our transport system for the next 20 years, and our subsequent first NTS Delivery Plan, published in December 2020, focuses on addressing the impacts of COVID-19, and identifies actions which will enable us to address our priorities whilst supporting a green recovery. As part of the Climate Change Plan Update published in December 2020 we have set out ambitious policies to deliver on the net zero targets, including reducing car kilometres by 2030. The move to low and zero carbon transport is essential to our future wellbeing, and we remain committed to achieving our target of net-zero greenhouse gas emissions by 2045.

The past year has also seen the publication of the new Road Safety Framework in February 2021, as well as significant progress on a number of projects, including Spaces for People, Scottish Ultra Low Emissions Buses, Glasgow Queen Street Station, Rail Decarbonisation, Phase 1 of the second Strategic Transport Projects Review, A9 Luncarty to Birnam and the development of the wider dualling programme, A9 Berridale Braes Improvement, A96 Dualling, A77 Maybole and the A92/A96 Haudagain improvements projects.

We have continued to support the resilience and efficient operations of Scotland’s Railways and also to work with the UK Government and the devolved administrations to develop a new relationship with the European Union.

It’s been another challenging year, with much delivered across the breadth of the organisation. I am immensely grateful to all colleagues involved and to our partners across Scotland who continue to work with us to deliver positively for the people of Scotland.



Roy Brannen
Chief Executive
Transport Scotland

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Our Year in Numbers

Transport Scotland’s aim is to help deliver the Scottish Government Strategy of creating a healthier, fairer and more prosperous Scotland for communities, business and visitors.

Operational highlights

Sustaining and monitoring the transport system through the COVID-19 pandemic.

The building of collaborative teams to deliver changing agendas, and the development of a transport transition plan to support COVID-19 recovery.



Publication of first National Transport Strategy (NTS) delivery plan

December 2020.



Publication of Strategic Transport Projects Review (STPR) 2.

Updated Climate Change Plan Update (CCPU)

laid in the Scottish Parliament in December 2020, with a focus on green recovery.



Provision of support to public transport operators

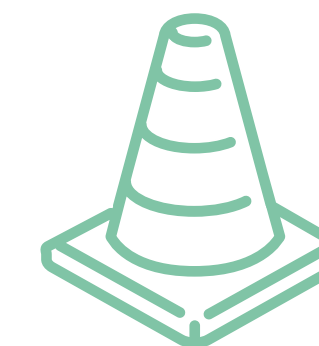
To enable essential services to continue to operate safely, for staff and members of the public, across all of the modes.



Promotion of cycling, walking and active travel.

Publication of new road safety framework.

February 2021.



Engagement with UK government to ensure Scotland’s interests were considered during EU exit negotiations, including the agreement to the prioritisation of perishable goods at Kent, thus protecting Scotland’s seafood industry. Ensuring high levels of international connectivity between Scotland, the EU and the rest of the world were protected. Introduction of mitigation measures at Cairnryan to address possible impacts due to delays at the ports.

Landmark of 1600 electric vehicle chargepoints.



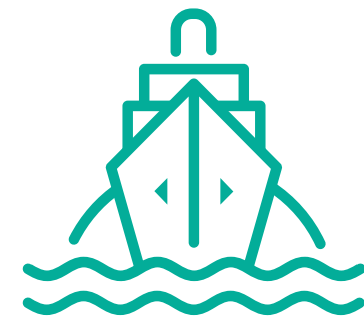
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Financial highlights

 **£400 million**

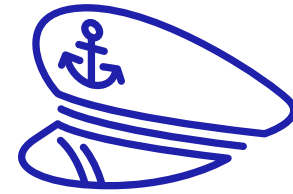
Bus support – including support for essential services and the new COVID support grant-restart, to mitigate impact of COVID-19.

Support for lifeline ferry services



Skeleton service between the Mainland and Islay, Benbecula, Stornoway, Kirkwall and Sumburgh during the pandemic.

Funding support for ferry operators



£48.6 million for Northern Isles ferry services, **£148.5 million** for Clyde and Hebridean ferry services and **£0.7 million** for private operators.

£39 million



Allocated to support safe walking and cycling.

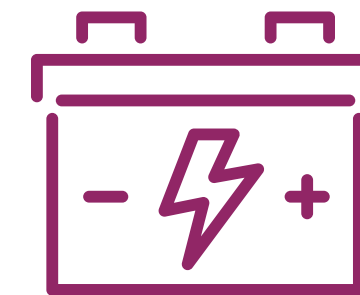
£50 million

Made available for low emission bus scheme.



£36 million

Expansion of new low carbon loans fund, allowed purchase of 1200 electric vehicles.

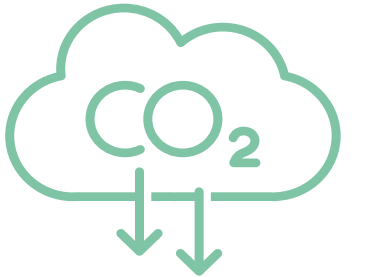


£421 million

Additional funding made available to train operators to cover costs and reduced income – impact of COVID-19.

£15 million

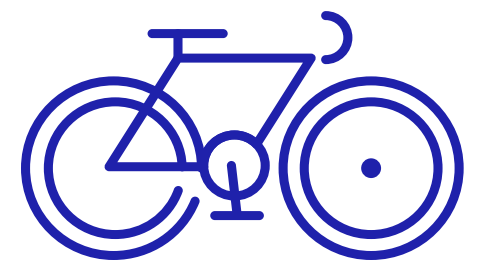
To support de-carbonisation of public sector fleet.



£22.5 million

Emergency funding made available for light rail – impact of COVID-19.

2021-22 draft budget committed



Investment of £3.2 billion; including **£1.9 billion** for rail and bus services and **£115.5 million** for active travel.

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Our Highlights

Case Study 1 COVID-19 Response

The rapid spread of COVID-19 in 2020, and the subsequent lockdown restrictions, presented immediate and significant challenges for Transport Scotland. These ranged from immediate operating issues such as the need to sustain and monitor the transport system throughout the pandemic, to ensuring our actions aligned with the wider Scottish Government remit to support Scottish Ministers, and building collaborative inter-organisational teams to deliver changing agendas.

During this time, we had to oversee the provision of financial and other support to operators and contractors, ensure critical routes to our islands were maintained, keep the key networks running safely, support the provision of information to meet Ministerial and public demand and develop our Transport Transition Plan (figure 1) and associated communications strategy.

Figure 1 Transport Transition

Transport Transition Plan

Keeping public transport safe

Adapting our transport systems

Engaging with stakeholders

Assessing demand for travel and making decisions

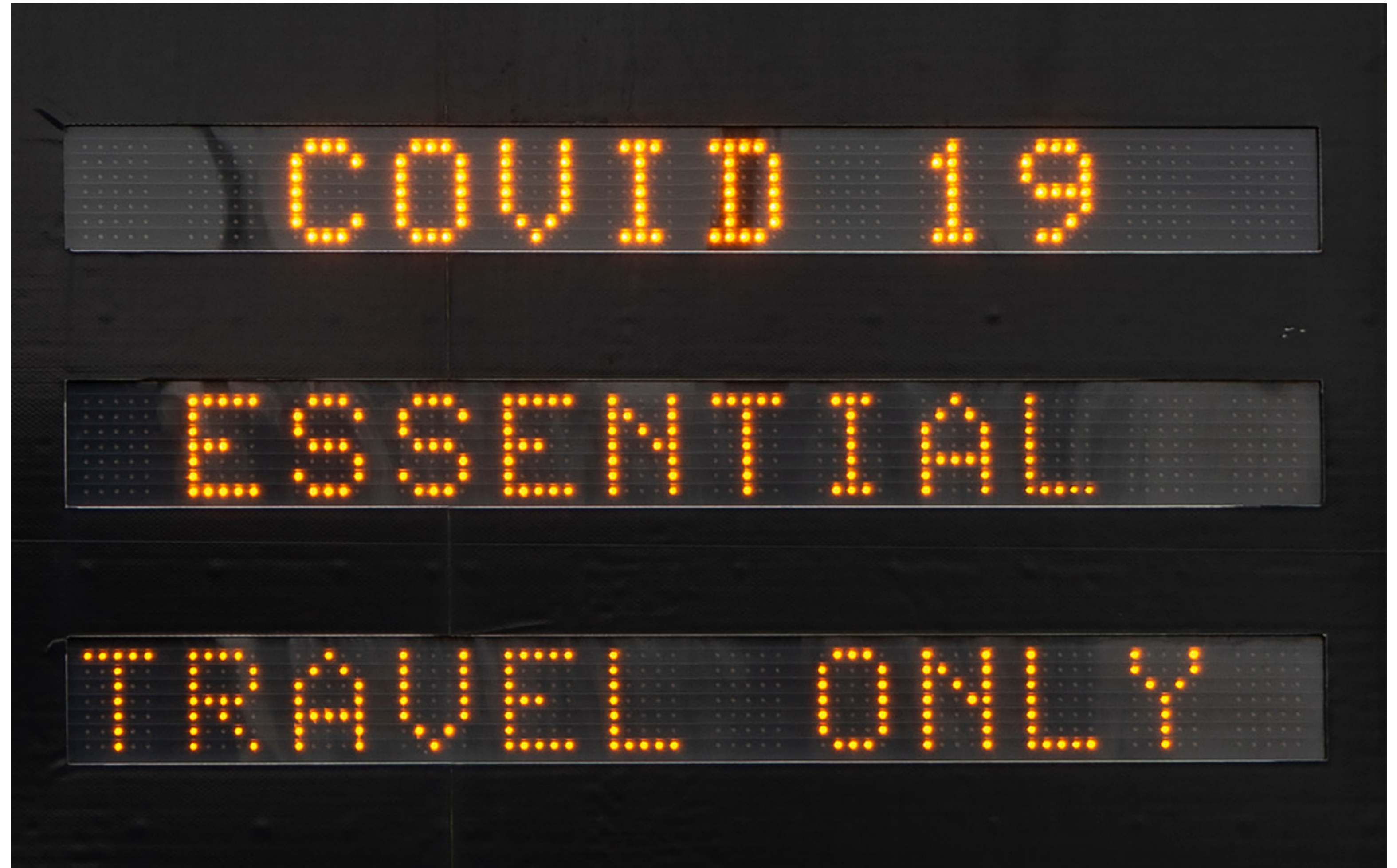


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The fundamental work to provide a safe transport system to meet the needs of the country and to keep Scotland moving continues through this 'Transport Transition Plan', which will continue to evolve as we work towards recovery.

Our response was underpinned by a programme management approach and involved establishing many new organisational structures which were required to cut across traditional team boundaries and bring together a variety of different skills from many business areas. This is in order to build a coherent and credible response.

A Central Hub was established with expertise in resilience and information flow and a modal cell structure operated across the organisation. The resultant cross cutting processes facilitated the smooth and rapid flow of information and analysis which in turn, helped expedite a rapid response to emerging issues across the organisation and the wider Scottish Government network.



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Our key achievements have been:

- The further enhancement of already strong links between Transport Scotland resilience planning and that of Scottish Government, as well as the wider UK response, and increased collaborative working across all sectors.
- The further enhancement of our analytical work which facilitated the provision and scrutiny of data on travel demand which was fundamental to understand the shifting position, effectiveness of messaging and compliance with restrictions. We also assisted with the development of guidance on issues such as social distancing on public transport, travelling within Scotland, car sharing and driving tests.
- The establishment of the Transport Transition Plan to provide a safe transport system to meet the needs of the country and to keep Scotland moving.
- The creation of funding streams such as ‘Spaces for People’, the Bus Priority Rapid Development Fund, and the Public, School and Community Transport COVID-19 Mitigation Fund.
- The sustainable re-opening of construction sites and the production of a construction restart strategy and site operating guidance, leading to recommencement of construction activity.
- The development of previously untapped data sources, including establishing a bespoke COVID-19 public attitudes survey and accessing data from mobile phone operators, transport operators and stakeholder groups.
- The establishment of an Advisory Group and a Transport Equalities Network to support the evidence base for a number of Impact Assessments.
- The delivery of new virtual engagement events to consult with local communities on our major projects. These have replaced in person events and have generated significant public interest in virtual engagement events, with over 15,000 website page views and 11,000 unique users on just two recent public consultation events.
- The publication of the first phase of our Strategic Transport Projects Review which sets out transport infrastructure investment plans to respond to the impacts of COVID-19 on transport, and supports our net zero recovery.

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Case Study 2

A Strategy for all of Scotland

The NTS Delivery Plan

We published our new National Transport Strategy (NTS2) in February 2020. The intervening months in 2020-21 have been extremely challenging, as we responded to the unprecedented public health emergency in the form of the COVID-19 pandemic. Hence, our subsequent first NTS Delivery Plan, published in December 2020, focuses on addressing the impacts of COVID-19, and identifies actions which will enable us to address our priorities whilst supporting a green recovery.

The Plan identifies the actions up to March 2022, which we will take to deliver a transport system that reduces inequality; tackles climate change; helps deliver inclusive economic growth, and improves health and wellbeing, all of which are central to our recovery. We are also committed to publishing annual Delivery Plans from 2022 onwards and to the issue of a monitoring and evaluation report covering the period to the end of March 2022, followed by annual monitoring and evaluation reports from March 2022, as well as reporting three yearly, to Parliament, as required by the Transport (Scotland) Act 2019.

Our actions identified within our Delivery Plan reinforce our policy of Sustainable Travel and Investment, and so they promote walking, cycling and shared transport options in preference to private car use and encouraging people back on to public transport when it is safe and appropriate to do so.



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All of these actions remain at the core of our second Strategic Transport Projects Review (STPR2). STPR2 is a Scotland-wide review of the strategic transport network across all transport modes, including walking, wheeling, cycling, bus, rail and car, as well as reviewing wider island and rural connectivity. It will inform the Scottish Government’s transport investment for the next 20 years and will help us deliver the vision, priorities and outcomes for transport as set out in the National Transport Strategy (NTS2), aligning with other national plans such as the National Planning Framework (NPF4) and the Climate Change Plan.

Phase One recommendations were published in February 2021, and they include transport interventions for investment in the short term, focussing on the COVID-19 pandemic and the Scottish Government plans for a green recovery. Phase 2 will report towards the end of 2021 and will provide Scottish Ministers with a programme of potential transport investment opportunities for the period 2022-2042.

We have also identified further actions consistent with the Climate Change Plan Update, which address transport emissions, and recognise that future demand for transport will depend on people and businesses’ choices after the pandemic. There remains great uncertainty about whether temporary changes in travel demand and behaviour will be sustained. We are also committed to building on many of the positive changes in travel behaviours witnessed over the past year and to retain a strong focus on more sustainable active travel options, including making better use of existing infrastructure before investing in new capacity.

Our Transport Transition Plan will continue to develop to tackle the challenges posed by COVID-19 and provide a safe transport system to meet the needs of the country and to keep Scotland moving.

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Overview

In the Performance Report, we will present a review of the Agency's achievements during 2020-21. We will set out, across a range of key indicators, the Agency's progress against its objectives and highlight our vision for the Agency and the risks and challenges faced during the year. We have summarised the objectives from our Corporate Plan across transport modes and to reflect the impact of the COVID-19 pandemic.

Some objectives are covered under specific headings and others are covered across different parts of the performance report to ensure that the thematic flow of the report remains appropriate.

The sections "Our Year in Numbers", "Our Highlights" and our "Chief Executive's Forward" also form part of the Performance Report for 2020-21.



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Overview

Transport Scotland is an Agency of the Scottish Government, responsible for national transport and accountable to Parliament and the Public through Scottish Ministers. We oversee the operation and improvement of the trunk road, ferry, inland waterway and railway networks in Scotland; air passenger facilities in the Highlands and Islands and are responsible for securing air routes for Scotland; national concessionary travel schemes and the provision of network traffic and travel information services.

The Chief Executive is the Accountable Officer for the Agency, appointed by the Permanent Secretary to the Scottish Government. He is supported by a senior management team comprising eight Executive Directors. Each oversees one or more transport modes and/or policy areas and are in turn supported by a range of teams covering all aspects of business delivery within their respective areas. We also support Scottish Ministers in prioritising future transport policy, strategy and investments and the delivery of a low carbon economy. Figure 2 below, identifies the current structure within the Agency.

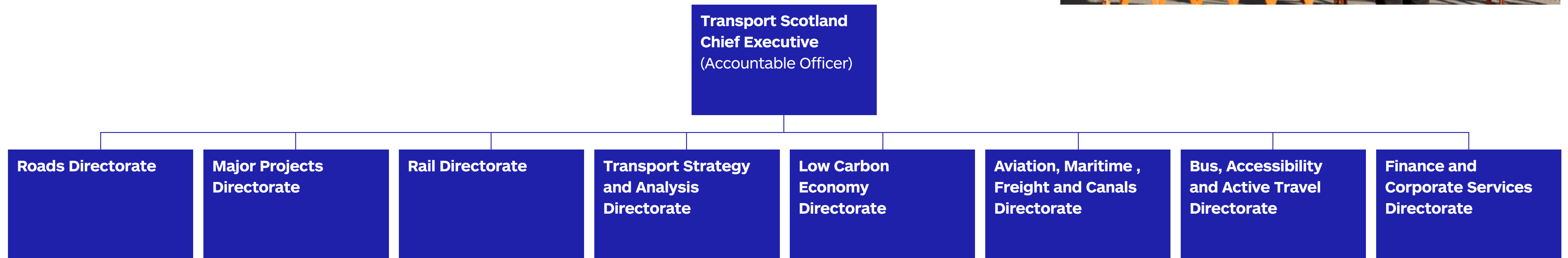


Figure 2 Transport Scotland Directorate Structure

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Our Business Model

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

Our aim is to help create an accessible Scotland, with a safe, integrated, cost-effective and reliable transport network for the benefit of the people of Scotland.

Our core principles are:

- To strive for continuous improvement in transport delivery both nationally and internationally
- To promote transport integration
- To support the transition to active and more sustainable forms of transport
- To maintain a clear outward focus on the needs of transport users
- To work in partnership with transport providers, communities and wider government in our planning and delivery
- To make the most efficient use of public resources, and equip our staff to do the best possible job

Our Vision

Our Vision is underpinned by four Priorities, each with three associated Outcomes. The Vision, Priorities and Outcomes are at the heart of the NTS2 and form the basis upon which we take decisions and evaluate the success of Scotland's transport policies going forward.

Figure 3 (pg 17), summarises our objectives and goals for the year 2020-21, and provides an overview of our performance against these.

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Figure 3 Summary of Performance

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Our Key Risks and Challenges

Our key risks and challenges relate to our arrangements to enable appropriate provision of transport services and transport infrastructure that achieve the outcomes aligned with the Scottish Government's national performance framework within the resources available.

Additional challenges in 2020-21 related to providing an effective organisational response to the COVID-19 pandemic, the continued wider political and economic uncertainties associated with the impact of EU Exit, and the obligations conferred by the Climate Change Plan update (CCPu).

The impact of the pandemic on the work of the Agency and the drive to deliver our objectives has been considerable. The majority of our resources had to be re-focused, in order to enable essential services to continue to operate safely, whilst the management of our people took on even greater significance in that we had to protect their wellbeing and resilience in order to deliver appropriately on our business objectives. This resulted in even more diverse risk assessments in many areas as we moved through the crisis, utilising and developing previously untapped data resources, including public surveys, accessing data from transport operators and stakeholder groups and dedication of resources to produce the 'Transport Transition Plan'. As a result of these measures the pandemic has not had a significant impact on the achievement of our objectives.

Our response was underpinned by a programme management approach and involved establishing many new organisational structures which were required to cut across traditional team boundaries and bring together a variety of different skills from many business areas, in order to build a coherent and credible response.

The COVID-19 pandemic changed our immediate priorities in supporting the public transport system in the face of significantly reduced passengers and consequential reduction in revenue coupled with increased costs incurred to help make public transport safe. Necessary restrictions in place to combat the pandemic continue to present a significant challenge for the aviation industry and for Scotland's overall connectivity as we continue to plan our economic recovery. The Transport Transition Plan, launched in May 2020 is a continuously evolving document to map out and monitor the transition from the COVID-19 pandemic. The emerging risks relate to the continuing consequences of the transition for how we continue to adapt to achieve our priorities. The Phase One recommendations - contained within our STPR2 - focus on accelerating economic recovery and lay the groundwork for an inclusive, greener transport network.

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The Climate Change Plan update (CCPu) to the Climate Change Plan published in 2018 was laid in the Scottish Parliament in December 2020 and details the Scottish Government's approach to 'Green Recovery' and proposals to build a resilient, sustainable and inclusive society. This will require significant contribution from us to enable reduction in transport emissions. In addition, The UN Climate Change Conference of the Parties (COP26) is due to take place in Glasgow in November 2021. We continue to work to put a robust structure in place to ensure the secure and safe delivery of this event in a way that showcases Scotland but minimises disruption.

The Abellio Rail Franchise is due to end on 31 March 2022, and Section 70 of the Railway Act places a duty on Scottish Ministers to provide or secure the provision of services when a franchise agreement is terminated or comes to an end and no further franchise agreement has been entered into. To that end, we are preparing for 'Operator of Last Resort' to ensure continued operation of services.

The pandemic has also brought significant challenges in fraud identification and prevention. This risk has increased in relation to additional support provided to transport operators and changes to controls and governance to enable staff to work remotely at home and other locations. We recognise increased risk of the threat from cybercrime and mandate fraud due to having to rapidly adapt to new ways of working electronically and also incurring costs and making payments quickly in order to deal with the impact of the pandemic itself. We have adapted to provide robust and effective contract management monitoring processes, clear authorisation levels, effective budget monitoring and continued segregation of duties to mitigate the potential for fraudulent activity. We have also strengthened our approach to dealing with cybercrime through additional training and achieving cybercrime essential accreditation.

These risks, and the principal risks, in relation to Rail, Ferries, Low Carbon and Climate Change, can also be seen in Figure 4 (pg 20).

Other inherent risks relate to performance by contractors, sponsored bodies and grant recipients, which can also be affected by outside factors (such as adverse weather). Our overall approach to Risk Management is also highlighted within the Governance Statement, and Figure 4 summarises an example of the key risks faced during 2020-21, the mitigating actions taken and further actions planned.

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Key Risk		Mitigating Actions
<p>Climate Change</p> 	<p>Reputational risks associated with criticism of Transport efforts to reduce emissions. If Transport Scotland fails to adequately deliver robust transport policies arising out of the Climate Change Plan Update (CCPu) that will enable our emissions targets to be achieved, this would result in legal and reputational damage for the Scottish Government and Transport Scotland. COVID-19 has potentially made this challenge even harder.</p>	<ul style="list-style-type: none"> • Support TS Directors’ participation in Scottish Government Global Climate Emergency (GCE) programme board. • Develop positive policies and narrative case studies that show demonstrable TS progress on climate change. • Disseminate research findings to TS Directors and relevant policy teams. • Engagement with policy leads across TS on process to complete CCPu. • Internal and external stakeholder engagement. • Respond to Rural Economy and Connectivity (REC) committee scrutiny. • Compiling CCPu monitoring & evaluation framework to demonstrate level of progress against each outcome and policy.
<p>Resourcing & Wellbeing</p> 	<p>If we do not manage our resources of people, protecting their wellbeing and building their resilience, deploying our staff resource to the most critical parts of TS, then we will not have the capability and capacity to deliver appropriately on our business objectives and will fail to maintain competence and compliance while managing concurrent pressures such as COVID-19, Winter resilience and EU Exit.</p>	<ul style="list-style-type: none"> • Further engagement with People Directorate to discuss devolved recruitment, clearing blockages to current recruitment processes. • Consider future shape/make up of organisational response to concurrent pressures (Covid, Winter Resilience, EU Exit)

Figure 4 Key Risks and mitigations during 2020-21

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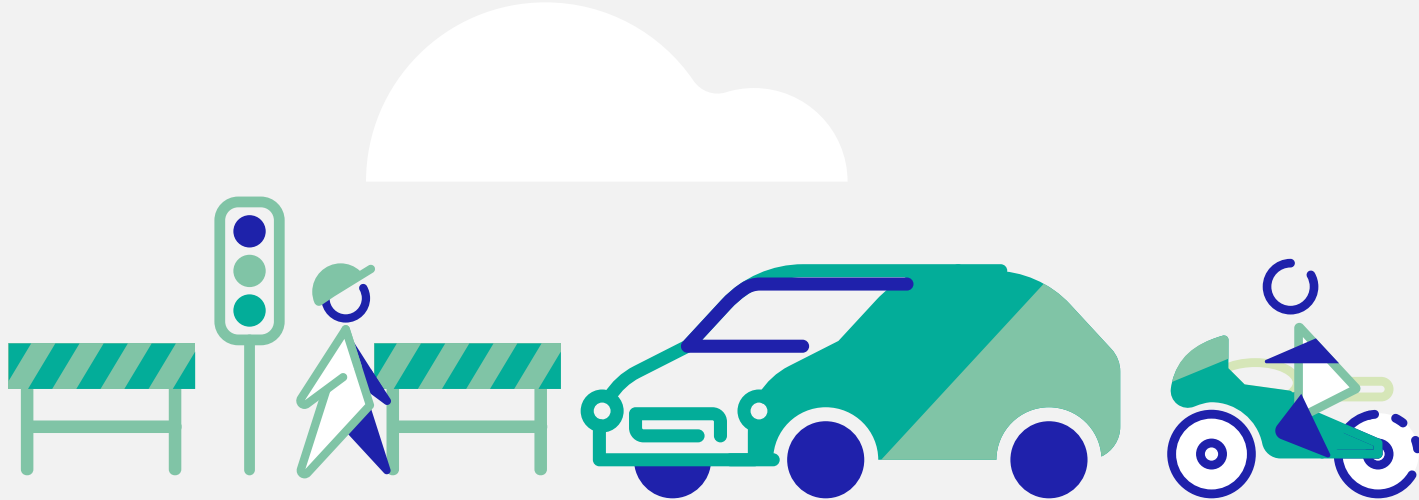
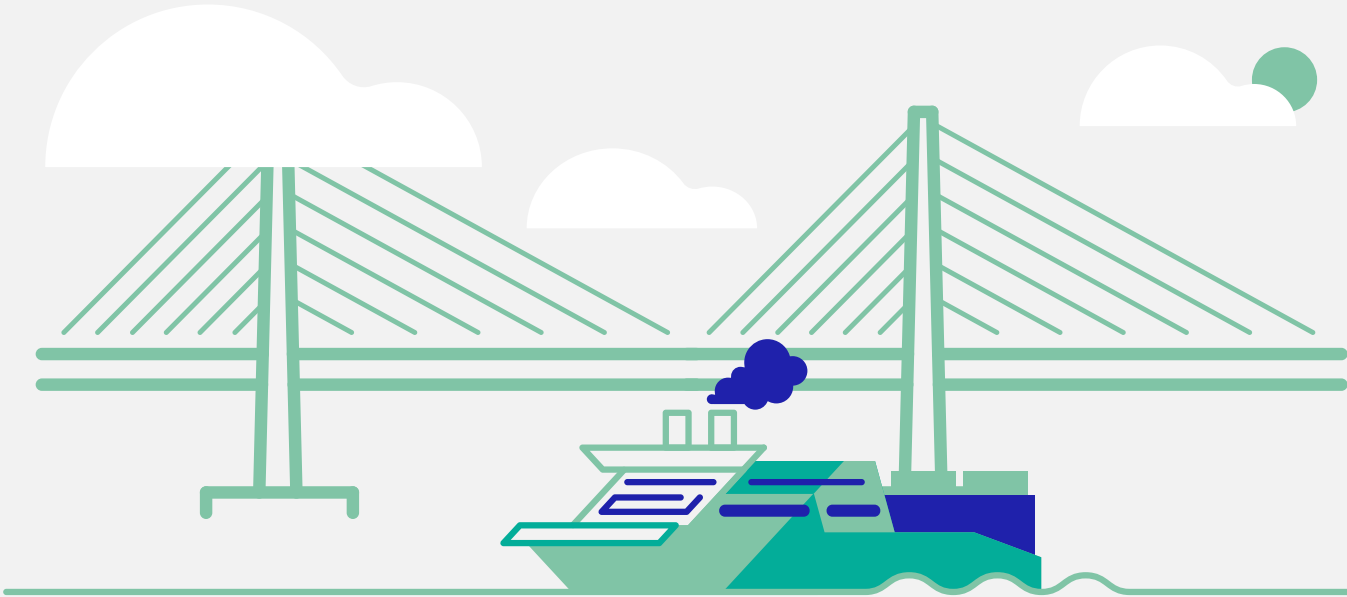
Key Risk		Mitigating Actions
<p>Asset Management</p> 	<p>Failure to effectively manage asset condition of the trunk road network, thereby failing to maintain network availability in the face of rising backlog of repairs and unpredicted asset failures.</p>	<ul style="list-style-type: none"> • Enhance robustness of long term financial planning, including comprehensive and robust input to Spending Review including assessment of investment at current levels, which is needed to maintain current condition and also address backlog maintenance • Update current contracts and next generation Operating Company contracts with new asset management developments as appropriate. New 4 year Asset Management Improvement Plan framework awarded June 2019 to inform future operating company contract improvements. • Review and update resilience arrangements as appropriate.
<p>Major Infrastructure Projects</p> 	<p>If there is an impact on delivering the programme of projects then this will lead to delay or increased costs; resulting in reputational impact to Transport Scotland and Ministers.</p>	<ul style="list-style-type: none"> • Continue to manage project risks through the project and programme risk registers. • Robust public engagement to resolve issues at earliest opportunity. • Ensure that design proposals offer value for money solutions. • Continue to explore and develop funding and procurement options liaising with Scottish Government and Scottish Ministers on procurement strategy and key decision points. • Ensure delivery planning team is sufficiently resourced • Develop and implement robust delivery planning governance structures.

Figure 4 Key Risks and mitigations during 2020-21 cont'd.

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Key Risk		Mitigating Actions
<p>Major Incidents</p> 	<p>Major incidents impact on operation of effective strategic transport network: Failure to ensure resilience of networks and Transport Scotland operations in the face of major incidents covering ferry, aviation, trunk road and rail networks.</p>	<ul style="list-style-type: none"> • Review incidents as they occur and learn lessons • Continue to work in partnership with operational partners such as Police Scotland and the Operating Companies to improve incident management best practice in Scotland. • Review multi-agency party response to all significant closures of the trunk road network to learn lessons and implement improvements. • Ensure Operating Companies review adequacy of existing Standard Incident Diversion Routes. • Continue to deliver an effective winter service across the trunk road and motorway networks, making use of new contract specifications, technology to strengthen winter treatments, decision making and communication with road users. • Work with internal stakeholders to continuously improve processes and structures within resilience delivery by drafting concept of operations plans for specific events.
<p>Climate Change Plan and National Transport Strategy</p> 	<p>Risks around future transport uncertainty impacts on our ability to provide appropriate assurance on CCP/NTS delivery plan which may be viewed incomplete, seen to under deliver or be inaccurate, resulting in reputational damage for Transport Scotland and SG, also adding to dissatisfaction from citizens of Scotland and the transport sector.</p>	<ul style="list-style-type: none"> • Transport Futures work to look to a point beyond the immediacy of the crisis and towards the longer term post COVID-19 future of what transport in Scotland might be. • Monitoring transport trends to inform planning and delivery. • Phased approach to STPR for more flexibility to adapt to the uncertainties which have been exacerbated by COVID-19 as well as be able to provide an element of response to the climate change plan and National Planning Framework.

Figure 4 Key Risks and mitigations during 2020-21 cont'd.

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Summary

Transport Scotland’s Corporate Plan 2020-21 sets out how we will help create a sustainable, inclusive, safe and accessible transport system, and thereby deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.

The focus of our Corporate Planning continues to be on how we will support, through our National Transport Strategy (NTS2) the transport focused National Outcomes within the National Performance Framework (NPF) and the Programme for Government (PfG). Figure 5 highlights the purpose and values of the NPF, and our work involves developing new policies and projects as well as supporting existing ones.



Figure 5 The National Performance Framework.

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The National Transport Strategy for Scotland (NTS2)

Scotland’s National Transport Strategy 2 (NTS2) sets out an ambitious and compelling vision for our transport system for the next 20 years and outlines the four priorities for our transport system: reduces inequalities; takes climate action; helps deliver inclusive economic growth; and improves our health and wellbeing.

NTS2 draws heavily on an evidence based approach and has been developed through a collaborative approach involving a wide range of partners.

The move to low and zero carbon transport is essential to our future wellbeing, and the Scottish Government has made one of the most ambitious climate commitments in the world to achieve net-zero greenhouse gas emissions by 2045. Over the 20-year period of this Strategy, the role of transport in achieving this target will be crucial and will require further development and use of low carbon technology. It will also require significant societal changes, including a reduction in the demand for unsustainable travel.



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Our Vision

Figure 6 demonstrates our Vision, which is underpinned by four Priorities, each with three associated Outcomes.

These continue to form the heart of the Strategy and will be the basis upon which we take decisions and evaluate the success of Scotland’s transport policies going forward. Inclusiveness and equality are key ingredients of our new Strategy.



Figure 6 Our Vision.

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What we do

Our Corporate Plan, and the supporting Annual Business Plans, set out our key delivery priorities and how we will support the 11 national outcomes shown in Figure 5 (pg 23).

Within our Corporate Plan, we identify key objectives for 2020-21. Figure 7 highlights these objectives, and the following pages explain how we achieved them.

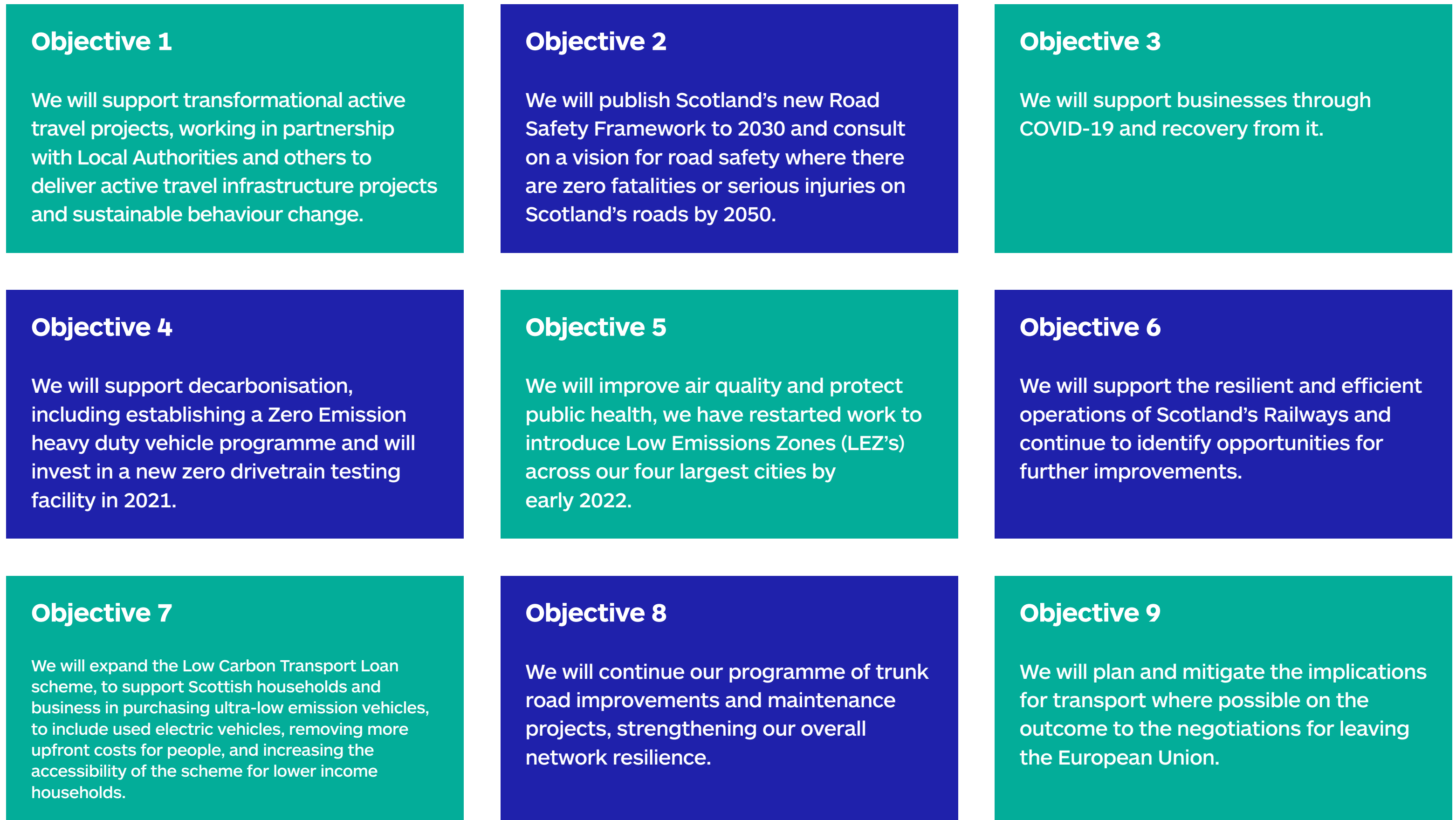


Figure 7 Our Objectives.

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Objective 1

We will support transformational active travel projects, working in partnership with Local Authorities and others to deliver active travel infrastructure projects and sustainable behaviour change.

How did we do this year?

- £39 million allocated from the ‘Spaces for People’ Fund to support local authorities to put in place temporary measures for safe walking and cycling in support of physical distancing.
- £1.5 million from the ‘Scotland Cycle Repair Scheme’ towards maintenance and repair for bikes, hand cycles and wheelchairs enabling more people to cycle and wheel during the pandemic.
- Support and promotion for public bike share schemes in 2020-21.
- £0.2 million awarded to 12 ‘e-bikes for key worker’ projects in 2020-21.
- £0.9 million invested in the E-bike Grant to support the adoption of e-bikes and cargo bikes as more sustainable alternatives to car journeys.



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Objective 2

We will publish Scotland’s new Road Safety Framework to 2030 and consult on a vision for road safety where there are zero fatalities or serious injuries on Scotland’s roads by 2050.

How did we do this year?

- Scotland’s Road Safety Framework to 2030 published in February 2021.
- A focus on reduction of casualties on the trunk road network through implementation of the Strategic Road Safety Plan.
- New Procurement Strategy developed for a national speed management review to support the safe system.
- Development and implementation of a number of world leading road safety campaigns.



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Objective 3

We will support businesses through COVID-19 and recovery from it.

How did we do this year?

- £400 million in financial assistance allocated to support bus, including maintaining essential services and the new COVID Support Grant – Restart introduced in June 2020.
- A new ‘capacity checker’ – ‘How busy is your bus?’ – on the Traveline Scotland app and website, the first in the UK to bring information from multiple bus operators into one place.
- £2 million ‘Mobility as a Service’ (MaaS) Investment Fund.
- Package of emergency funding for light rail, £22.5 million of funding made available in financial year 2020-21.
- Support for Lifeline Ferry Services. Skeleton service between the mainland and Islay, Benbecula, Stornoway, Kirkwall and Sumburgh during the pandemic.
- New COVID Support Grant – ‘Restart’ introduced in June 2020. Five tranches of funding announced, totalling £254.3 million, with up to £191.3 million in financial year 2020-21. Actual spend is reported in the Our Financials section.
- Additional £421 million of funding made available to train operators to cover costs and reduced revenues due to COVID-19 pandemic.



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Objective 4

We will support decarbonisation, including establishing a Zero Emission heavy duty vehicle programme and will invest in a new zero drivetrain testing facility in 2021.



How did we do this year?

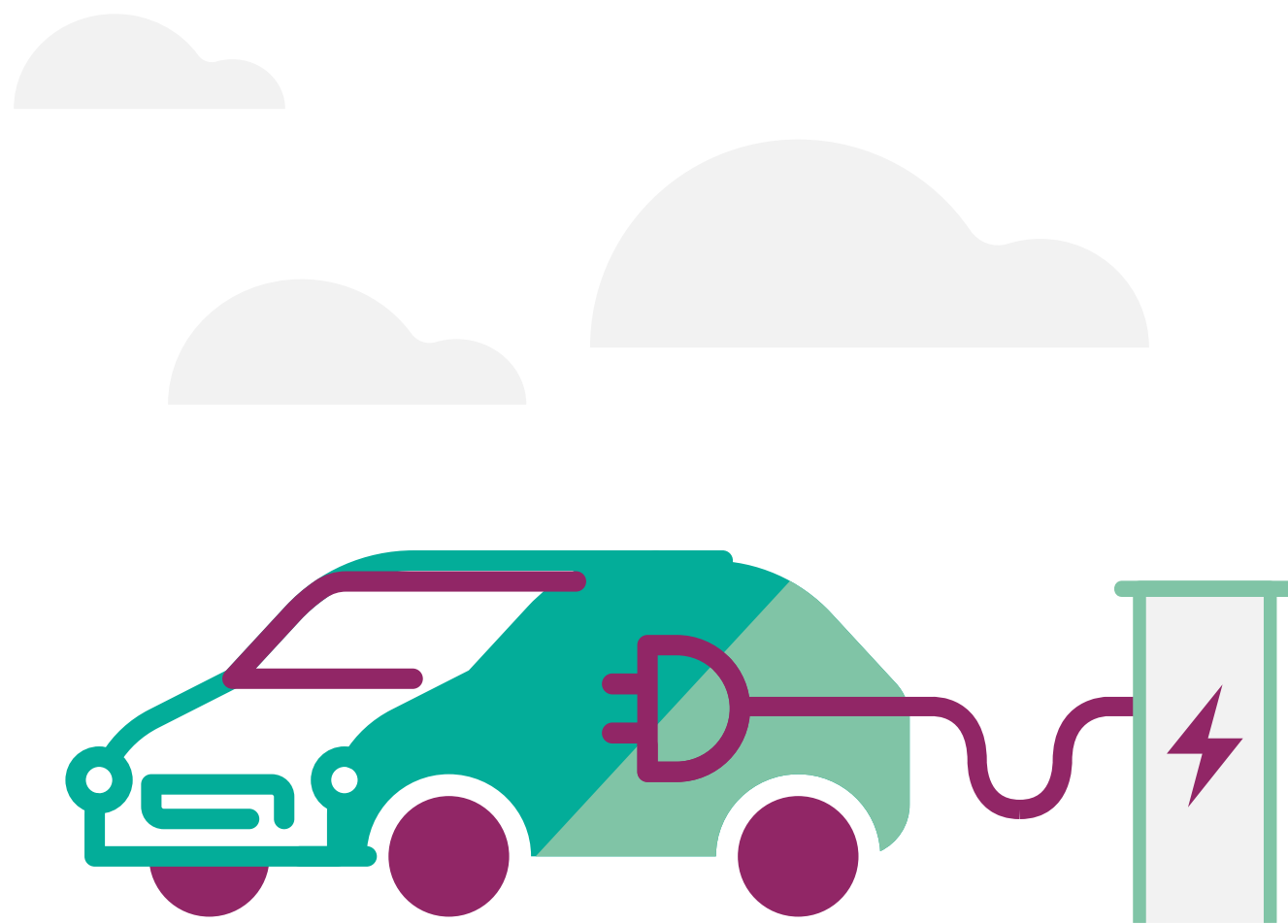
- Provided Investment opportunities of £50 million through the Scottish Ultra Low Emission Bus Scheme, supporting bus operators to acquire 272 new battery-electric buses.
- Established a Bus Decarbonisation Taskforce, comprised of leaders from the energy, finance and bus sectors, to co-design a pathway to a fully decarbonised bus fleet. Committed £120 million investment over the period 2021-22 to 2025-26.
- Commenced the Heavy duty vehicles (HDV) development programme in partnership with Scottish Enterprise, invested £1 million to support the development and deployment of Zero Emission HDVs within the Scottish supply chain.
- Supported the deployment of battery electric and hydrogen HDVs within the public sector fleet, including a hydrogen refuse collection vehicle that will be the first of its kind in Scotland.
- £4.4 million funding allocated to establish the LOCATE drivetrain testing facility in partnership with the universities of Strathclyde and St Andrews, and others. A further £3 million allocated to the expansion of the Driving the Electric Revolution centre of expertise at the University of Strathclyde.
- Commenced a new pilot ‘Work Local Challenge’ programme in July 2020 delivering innovation in workplace patterns and workplace settings.
- Milestone of 1,600 EV charge points on the ‘Charge Place Scotland’ (CPS) network achieved in January 2021 and expansion of most utilised charging facilities on the network.
- All rapid chargers added to the CPS network from April 1st 2020 have contactless card payment option installed.
- Funding to local authorities to support expansion of the Electric A9 EV charging network.

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Objective 4 cont'd.

- Funding to facilitate installation of over 2,500 domestic charge points in Scottish households to support and encourage off-street charging.
- Funding to support installation of in excess of 75 new publicly accessible EV charge points, hosted by private businesses, as part of expansion of the 'ChargePlace Scotland' network.
- Further 9 Switched on Towns and Cities feasibility studies conducted to support large scale transformation in Local Authority areas.
- Support for Scottish Power (SP) Energy Networks to deliver project 'PACE' – a £5.3 million demonstrator project, which seeks to deploy up to 44 EV charging hubs across Lanarkshire.
- Completion of a new CPS network operator contract, awarded to SWARCO eVolt. CPS network continues to grow and is now the 4th largest in the UK.
- £15 million support for Scotland's public sector to decarbonise its fleet and acquire over 700 zero emission vehicles and almost 700 charging infrastructure installations.
- Funded the establishment of a new zero emission mobility theme within the Energy Technology Partnership, strengthening collaboration between industry and academia.
- Funded Energy Skills Partnership (ESP) to increase the capacity and capability at Scottish Colleges to deliver EV skills training courses, and to develop hydrogen skills training.
- Launched the 'Zero Emissions Vehicle Community', members of the 'Transport Decarbonisation Alliance'.
- Launched the Rail Services Decarbonisation Action Plan and commenced with the development of the strategy to decarbonise rail passenger services by 2035.



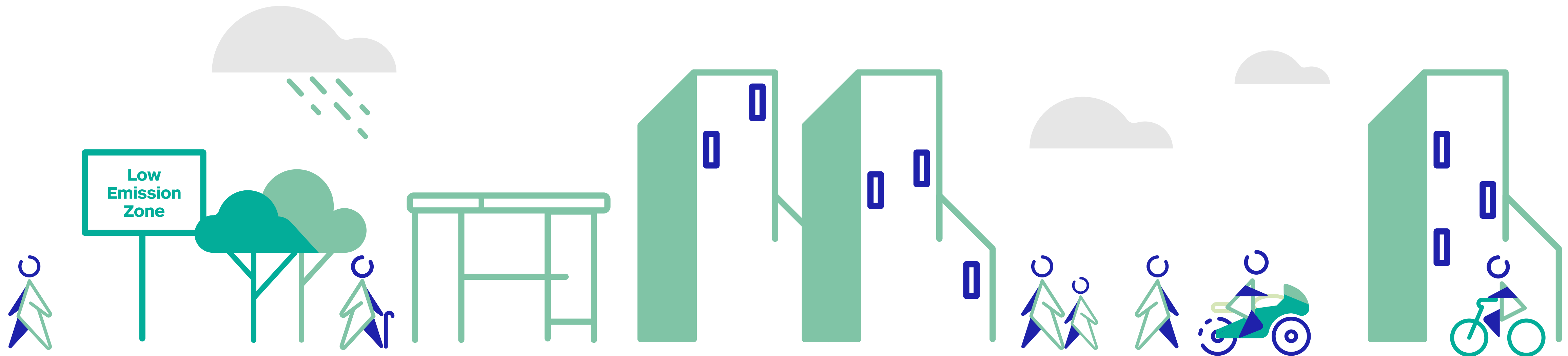
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Objective 5

We will improve air quality and protect public health, we have restarted work to introduce Low Emissions Zones (LEZ's) across our four largest cities by early 2022.

How did we do this year?

- Low Emission Zones regulations laid in Parliament in January 2021, to come into force by May 2021.
- Draft version of the LEZ guidance prepared and shared with local authorities.
- LEZ design works and enforcement principles progressing via the LEZ Consistency Working Group.
- BEAR 3 launched in August 2020, to support the retrofitting of buses to a Euro VI emission standard. Funding of £9.8 million allocated to 20 bus operators to retrofit 596 buses.
- Funded Energy Saving Trust's launch of a further round of the Low Emission Zone Support Fund in October 2020.



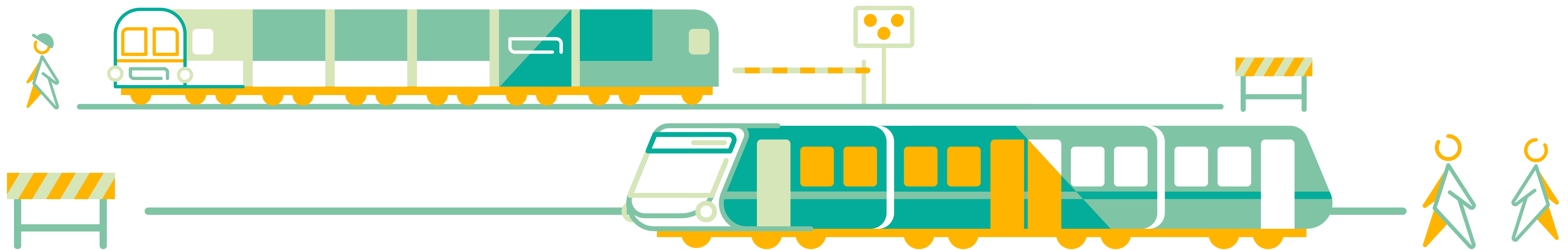
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Objective 6

We will support the resilient and efficient operations of Scotland's Railways and continue to identify opportunities for further improvements.

How did we do this year?

- Enhanced timetabling and resilience arrangements.
- Rail passenger services decarbonisation action plan produced.
- Team Scotland Execution Plan (TSEP) initiated.
- Emergency Measure Arrangements (EMAs) in place for the ScotRail and Caledonian Sleeper franchises.
- Infrastructure projects to improve capacity for rail freight completed, including £4.4 million to provide a crossover at Craiginches and £2.1 million for a freight connection at Needlefield Yard in Inverness.



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Objective 7

We will expand the Low Carbon Transport Loan scheme, to support Scottish households and business in purchasing ultra-low emission vehicles, to include used electric vehicles, removing more upfront costs for people, and increasing the accessibility of the scheme for lower income households.

How did we do this year?

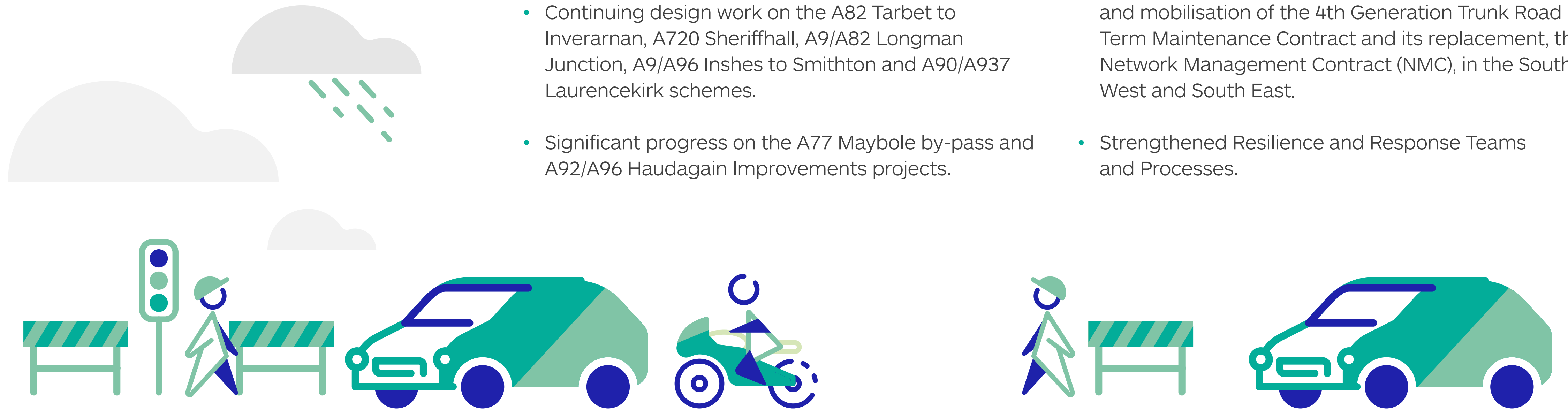
- £36 million in new funds to provide interest free Low Carbon Transport Loans for consumers, and businesses buying new and used ULEV vans, taxis and cars. The loan supported the purchase of over 1200 EVs.



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Objective 8

We will continue our programme of trunk road improvements and maintenance projects, strengthening our overall network resilience.



How did we do this year?

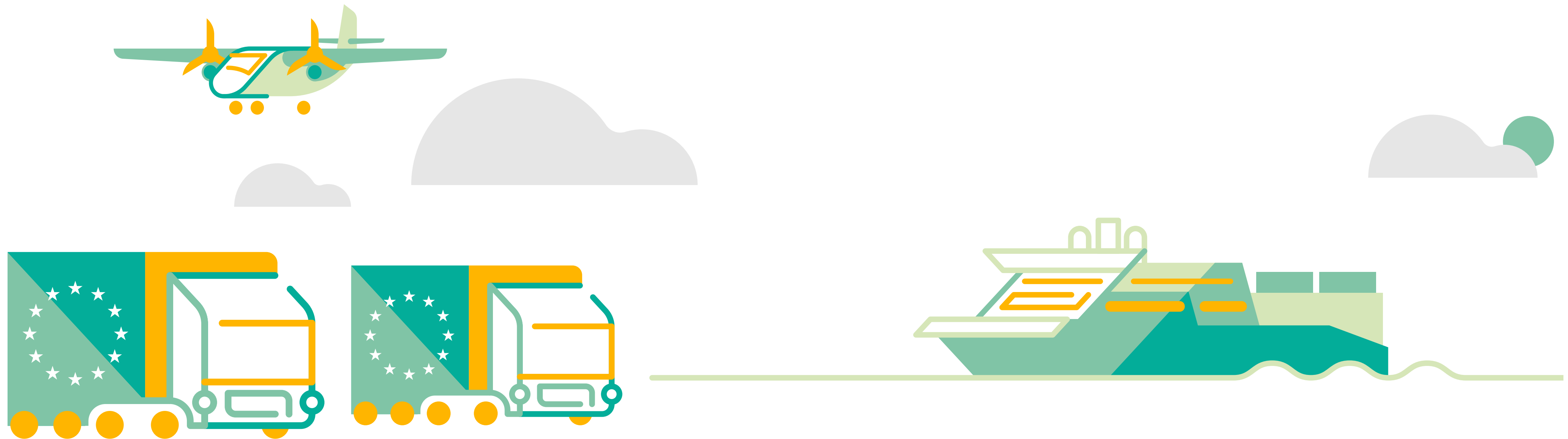
- £360 million to date delivering the dualling between Perth and Inverness.
- Continuing design work for the Pass of Birnam and Tay Crossing and the A96 Dualling.
- A9 Berriedale Braes Improvement opened to traffic on 21 August 2020.
- Continuing design work on the A82 Tarbet to Inverarnan, A720 Sheriffhall, A9/A82 Longman Junction, A9/A96 Inshes to Smithton and A90/A937 Laurencekirk schemes.
- Significant progress on the A77 Maybole by-pass and A92/A96 Haudagain Improvements projects.
- Continued delivery of road and bridge maintenance works across the trunk road network despite the COVID-19 constraints that impacted on construction industry in Quarter 1 of the year.
- £87 million invested in maintaining the A83 since 2007, £15 million in landslide mitigation measures at the Rest and Be Thankful.
- Successfully managed the respective demobilisation and mobilisation of the 4th Generation Trunk Road Term Maintenance Contract and its replacement, the Network Management Contract (NMC), in the South West and South East.
- Strengthened Resilience and Response Teams and Processes.

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Objective 9
We will plan and mitigate the implications for transport where possible on the outcome to the negotiations for leaving the European Union.

How did we do this year?

- Engagement with UK Government to ensure Scotland’s interests were considered throughout the EU exit negotiations.
- Mitigation measures at Cairnryan to address possible impacts due to delays at the ports.
- Extensive engagement with the haulage sector and the exporting industries reliance upon it, to ensure that COVID-19 testing was made available to hauliers in Scotland, mitigating against delays at short straights associated with combined impacts of COVID-19 and EU Exit.
- Continued work with the UK Government, devolved administrations and industry partners to develop our new relationship with the EU.



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Active Travel



Spaces for People

The 'Spaces for People' programme, was announced in Parliament in April 2020, in response to the COVID-19 emergency. It is designed to enable local authorities to deliver temporary active travel measures, allowing people to physically distance and keep them safe from traffic whilst exercising, shopping or commuting.

The funding was repurposed from the Sustrans Places for Everyone grant (this grant was designed for permanent active travel infrastructure projects, but many of these were delayed due to COVID-19 restrictions). A total of £39 million was fully allocated by the end of July 2020, with all but two local authorities bidding for and receiving funding for schemes. By January 2021, over 48% of all schemes had been delivered including: over 50 km of widened footways; over 90 km of temporary cycle lanes; over 18km of closed roads; over 150 new speed reductions zones and over 220km of paths either resurfaced or with vegetation cleared.

The success of 'Spaces for People' has been a result of close collaboration between the Convention of Scottish Local Authorities (COSLA), Sustrans and Transport Scotland.

Cycle Repair Scheme

The 'Scotland Cycle Repair Scheme' launched on 3 August 2020, with the purpose of encouraging more people to use their cycles as part of wider travel demand measures. The scheme was run by Cycling UK with £1.5 million of grant funding from Transport Scotland, offering up to £50 per person towards bike repair and maintenance or up to £100 for adapted bikes and manual wheelchairs. The scheme aims to bring old and unused bikes back into working order, thereby alleviating pressure on the public transport system, but it also offers an alternative to private motor vehicles for every day short journeys. Over 330 organisations have participated in the scheme in all 32 of Scotland local authorities and in excess of 19,000 repairs have been carried out.

Support for subsidised Bike Share

We continued to support and promote public bike share schemes throughout 2020-21. In the summer of 2020, two of our delivery bodies - CoMoUK and Paths for All - collaborated with Edinburgh and Glasgow City Councils to fund free trials of the Edinburgh and Glasgow public bike share schemes, utilising Smarter Choices, Smarter Places (SCSP) funding. Take-up of the subsidised offer was successful in both cities.

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Support to key workers with bikes and e-bikes

As part of our focus on helping essential workers in Scotland get to work safely and sustainably, previous recipients of our e-Bike Grant Fund were encouraged to loan their existing e-bike fleet out to key workers. They were also invited to apply for additional funding of up to £20,000 to provide frontline workers with e-bikes. As a direct result, £0.2 million was awarded to twelve 'e-bikes for key worker' projects in 2020-21.

E-bike trials, delivered via the Energy Saving Trust (EST) Home Energy Scotland network, have also been focused on providing long-term trials to key workers during this time. These trials have supported staff at community organisations to provide support and care to vulnerable people in their local areas, as well as NHS staff, healthcare and care workers.

In addition, Forth Environment Link (FEL) made its fleet of e-bikes available to key workers across the Forth Valley and worked with local and national partners to distribute and support their e-bikes for use by key workers. Over the last year, a total of 106 key workers have borrowed an e-bike from the FEL scheme.

Energy Saving Trust E-bike programme

In excess of £0.9 million was invested in the E-bike Grant Fund in 2020-21. This fund is designed to assist local authorities, public sector agencies, education institutions, active travel hubs and community groups to adopt e-bikes and cargo bikes as more sustainable alternatives to car journeys and for last mile delivery.

In addition, £3.7 million was allocated to the E-bike Loan Fund in order to provide interest-free loans to support individuals and businesses to purchase e-bikes, adaptive and e-cargo bikes. Since 2018, the E-bike Grant Fund has introduced a total of 1,145 e-bikes across Scotland, and awards in excess of £2.8 million have been made to 156 public sector organisations and community groups across Scotland.

Bus Priority Rapid Deployment Fund

The Bus Priority Rapid Deployment Fund (BPRDF) was launched in July 2020. A total of £10 million was made available allocated to support local authorities, working closely with bus operators, to respond to congestion and mitigate its impact with interventions such as temporary bus lanes or gates. More than 40 projects were funded by the BPRDF. The Bus Partnership Fund, which will fund local authorities in partnership with bus operators to deliver large permanent bus priority measures, was launched in November 2020, with the first successful bids expected to be announced in summer 2021.

National concessionary travel scheme - free bus travel for under-19s

A public consultation on proposals for the above was published in October 2020 and completed in December 2020. Over 90% of more than 3,000 responses supported the proposals. Regulations were laid in the Scottish Parliament in January 2021, together with accompanying documents and Impact Assessments. The Regulations were approved by the Parliament in March 2021.

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Active Nation Commissioner

Scotland's Active Nation Commissioner works independently of government as a national advocate for Active Travel across the country. Her aim is to raise the profile of these inclusive and sustainable modes of travel while promoting their health, environmental, social and economic benefits to everyone who lives, works in, or visits Scotland. The Commissioner's first report, published in November 2020, sets out her thoughts and impressions on her first eighteen months in the role, including the changing context of transport in the time of COVID-19 and her priorities and objectives for the remainder of her three year term. It includes a review of the potential barriers to being active as well as projects that will make a difference in terms of Active Travel, options for improving community infrastructure, travelling to school and supporting workplaces.

<https://www.transport.gov.scot/publication/active-nation-commissioner-report>



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Road Safety



Road Safety Framework

We published Scotland’s Road Safety Framework to 2030 in February 2021. This followed an extensive consultation on the long term vision for road safety, which is zero fatalities or serious injuries on Scotland’s roads by 2050. The framework highlights interim targets, such as the aim to halve the number of people being killed or seriously injured on our roads by 2030. It also focuses on supporting our National Transport Strategy and Climate Change aspirations in allowing people to make informed choices to travel in a safe, active and sustainable way.

Strategic Road Safety Plan

We continued to focus on reducing casualties on the trunk road network through implementation of the Strategic Road Safety Plan and its 20 Actions within the Safe System approach thereby making a positive contribution to the Scottish Government Road Safety Framework.

Road Safety Campaigns

We developed and implemented a number of world leading road safety campaigns, ensuring the delivery of targeted messages are delivered for all road users, including a focus on speed limits, Motorcycles, Rural Roads and Young Drivers.

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COVID-19 Support and Recovery



Support for the Bus Industry

We have, on behalf of the Scottish Government, supported the bus industry during the pandemic with £400 million in financial assistance, including support to maintain essential bus services and the new COVID Support Grant – Restart introduced in June 2020. This funding has alleviated the impact on bus operators of reduced demand and helped to ensure that vital local services were available to support key workers and public transport users throughout the pandemic.

COVID Support Grant (CSG) and then COVID Support Grant – Restart (CSG-R) were introduced in 2020 to enable operators to operate service mileage at near pre-COVID levels. Five successive tranches of funding were announced covering the period from June 2020 to June 2021.

CSG maintains concessionary travel reimbursement and Bus Service Operator Grant payments at the levels forecasted prior to the impact of COVID-19, whilst CSG-R goes further, by underwriting operators’ net costs on a no profit basis in exchange for levels of service mileage close to those before the pandemic. Both grants have been welcomed by the local government and bus industry.

Working with Regional Transport Partnerships, bus operators and Traveline Scotland we are now providing real time information on the capacity of bus services across Scotland. The new capacity checker on the Traveline Scotland app and website is the first in the UK to bring information from multiple bus operators into one place and allows passengers to check seat availability, which significantly improves the ability to plan and undertake public transport journeys safely as physical distancing continues to be in operation across public transport.

Mobility as A Service – Funding Round 2

In January 2021 we launched the second and final stage of the £2 million Mobility as a Service (MaaS) Investment Fund. MaaS funds projects which aim to make public transport easier to use while encouraging people away from single-occupancy car trips. The service uses digital platforms to provide enhanced travel information, ticketing and payment services to improve people’s access to public, active and shared transport modes.

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Funding for Light Rail

We agreed a package of emergency funding for light rail - Glasgow Subway and Edinburgh Trams - in response to the COVID-19 pandemic. Support, totalling £22.5 million was made available in financial year 2020-21. The light rail networks in our two biggest cities continue to play a vital role in keeping Scotland moving safely, and our support to date has enabled Glasgow Subway and Edinburgh Trams to carry around 3 million trips since July 2020.

Support for Ferry Services

We have supported CalMac Ferries Limited and Serco Northlink through the pandemic with additional funding to ensure the continuation of lifeline services to our islands in response to restrictions placed on travel and reduced capacity due to physical distancing.

Support for the Rail Industry

In March 2020 the Scottish Government agreed temporary variations to the ScotRail and Caledonian Sleeper Franchises in order to minimise disruption to passengers and rail employees. These are referred to as Emergency Measures Agreements (EMA). They ensured passenger services continued to operate during the COVID-19 pandemic and allowed key workers to continue to use the railway to travel to work. Under the EMA, revenue and cost risk are transferred to Scottish Government, and the train operators receive increased payments to cover operating costs, as a consequence of reduced revenues. An additional £421 million was made available in the year in the form of franchise support payments. In total £937 million was paid out to train operators during 2020-21 and the EMA has been extended to September 2021.

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De-carbonisation



The Bus Decarbonisation Working Group

This group was instrumental in the development of the £120 million programme of investment in zero emission buses through the Scottish Ultra-Low Emission Bus Scheme (SULEBS). We reviewed the Group’s work programme with a road transport-hydrogen focussed workshop and have made plans to extend its intended lifespan into 2021-22. Further workshops are being discussed along with links to COP26 events.

We established a Heavy Duty Vehicles (HDV) development programme in partnership with Scottish Enterprise, with around £1 million of funding identified to support the development and deployment of Zero Emission (ZE) HDVs within the Scottish supply chain. Working with Scottish Enterprise, we also supported the creation of an expert advisory service for companies to better understand and exploit opportunities in the zero emission mobility market, and a cluster builder programme to bring together companies and other sources of expertise to create new products and services for the ZE mobility market.

Zero Emission Mobility

We funded the establishment of a new zero emission mobility theme within the Energy Technology Partnership, strengthening collaboration between industry and academia, and we have committed £4.4 million to the establishment of the LOCATE drivetrain testing facility in partnership with the universities of Strathclyde and St Andrews, and others. We have also committed a further £3 million to the expansion of the Driving the Electric Revolution centre of expertise at the University of Strathclyde.

We funded the Energy Skills Partnership (ESP) to increase the capacity and capability at Scottish Colleges to deliver EV skills training courses and to develop hydrogen skills training. We continue to work with ESP to promote a range of courses and qualifications available to Small and Medium Enterprises (SMEs), for example, garages and dealerships, to help them understand the importance of developing their staff’s skills in order to realise the economic opportunities from the shift to Electric Vehicles (EVs).

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We launched the Zero Emissions Vehicle Community in 2020, and continue to work with them, to establish networks and partnerships to position Scotland as a constructive partner in international initiatives on zero emission mobility. We have guided the development and delivery of a series of forums, for preferred Community members, to explore key challenges for the Community.

Work Local

The work local programme commenced in July 2020, working with the Construction Scotland Innovation Centre, Scottish Futures Trust and South Lanarkshire Council to develop a modular design tool kit to support the development of local work hubs, analysis of a longer-term shift to remote working, and working with NHS Tayside to test sanitisation technologies in shared workplace settings, to increase resilience during a global pandemic.

Infrastructure Transformation

Over the last year we have continued to support Scotland's households and businesses to switch to zero emission transport by adding over 300 charge points to the ChargePlace Scotland network. Whilst work on extending the CPS network across Scotland was hindered by the impacts of COVID-19, we achieved the milestone of 1,600 EV charge points on the CPS network in January 2021, and we provided funding to facilitate the installation of over 2,500 domestic charge points in Scottish households to support and encourage off-street charging. We continue to provide support for households seeking the opportunity to charge at home through continued provision of Domestic Charge point Programme. The network continues to grow and Scottish electric vehicle drivers benefit from 40 public charge points per one hundred thousand people, compared to fewer than 31 in England, 26 in Wales and less than 20 in Northern Ireland.

All rapid chargers added to the Charge Place Scotland (CPS) network from April 2020 have contactless card payment options installed and we continue to provide support for the retro fit of existing rapid chargers with contactless payment.

We have provided funding to local authorities to support expansion of the Electric A9 EV charging network. Once complete the Electric A9 will provide in the region of 160 EV charge points across 35 locations.

We supported Scottish Power Energy Networks to deliver project Property Assessed Clean Energy (PACE). This £5.3 million demonstrator project, which forms part of our Strategic Partnership with Scotland's electricity Distribution Network companies, has sought to deploy up to 44 EV charging hubs across Lanarkshire by April 2021. Data published last autumn from the 'optioneering' phase of the project indicated potential savings of between £1.3 million and £2.6 million in electricity grid connection costs across 44 of the proposed EV charging hub sites. A further 8 Switched on Towns and Cities feasibility studies were completed by March 2021, bringing the total to 30. All of Scotland's Local Authorities have been offered this support.

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Fleets Transition

We continued to support Scotland’s public sector to decarbonise its fleet by providing £15 million of funding to support the acquisition of over 700 zero emission vehicles and almost 700 charging infrastructure installations. We provided £6 million to Scottish Fire and Rescue Service, NHS and Scottish Government Fleet to support fleet transition. In partnership with the Energy Savings Trust, we engaged with all 32 local authorities through the newly established Fleet Manager Forum and delivered 26 fleet decarbonisation reports to assist Local Authorities develop fleet transition strategies.

Rail Services Decarbonisation Action Plan

We launched the Rail Services Decarbonisation Action Plan in July 2020 and continue to work with our partners in Team Scotland – a cross industry collaboration between Transport Scotland, Network Rail and ScotRail - to develop and deliver the strategy to decarbonise Scotland’s rail passenger services, in line with the commitments contained within the action plan, by 2035. We are seeking to develop a detailed programme of efficient decarbonisation of Scotland’s rail network, with first priority projects included in STPR 2 Phase 1.

We are working with Network Rail (NwR) to progress electrification projects (benefiting freight and passenger services) for East Kilbride/Barrhead as well as the Borders and Fife routes. This will also explore where it is appropriate to operate battery powered train fleets to allow early replacement of diesel fleets.

Discussions with rolling stock manufacturers are also on-going and once funding and business cases for the priority projects are finalised a more formal procurement process will commence to source new fleets to replace our “life expired” trains. Our aspiration is for new zero emission trains to be built as part of a wider fleet procurement which will help drive build efficiencies and also drive down on-going costs and help support a move towards a consolidation of ScotRail fleets.

The Zero Emission Train (ZET) project is progressing well at Bo’ness and it will fully test Hydrogen powered options, which will be required where electrification is not appropriate across rural areas such as north/west of Inverness, West Highlands and Ayr-Stranraer lines.

We have continued our strong record of investment in rail freight to support modal shift. In addition to infrastructure upgrades at terminals to improve capacity and facilitate changes in customer demand, the £25 million Scottish Strategic Rail Freight Fund has allowed us to target key markets capable of modal shift.

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Air Quality and Low Emission Zones



Low Emission Zones

Regulations were laid in Parliament in January 2021, and these are due to come into force by May 2021. The draft version of the LEZ guidance has been prepared and shared with local authorities for comment, taking on board LEZ Leadership Group direction around COVID-19 and the impact of the cyber attack on SEPA in 2020-21. The LEZ guidance is expected to be published in 2021-22.

LEZ design works are progressing with substantive discussion between ourselves and local authorities via the LEZ Consistency Working Group, and enforcement principles are being progressed, with local authorities and DVLA to ensure that an enforcement regime is designed in a consistent manner.

Left Slidewarrior / Shutterstock.com

Bus Retrofit

In August 2020, we launched BEAR 3 to support the retrofitting of buses to a Euro VI emission standard, with funding support of £9.8 million to 20 bus operators to retrofit 596 buses.

Low Emission Zone Support Fund

In October 2020, we provided funding in excess of £1 million to the Energy Saving Trust, to enable the launch of a further round of the Low Emission Zone Support Fund across Scotland's four major cities.

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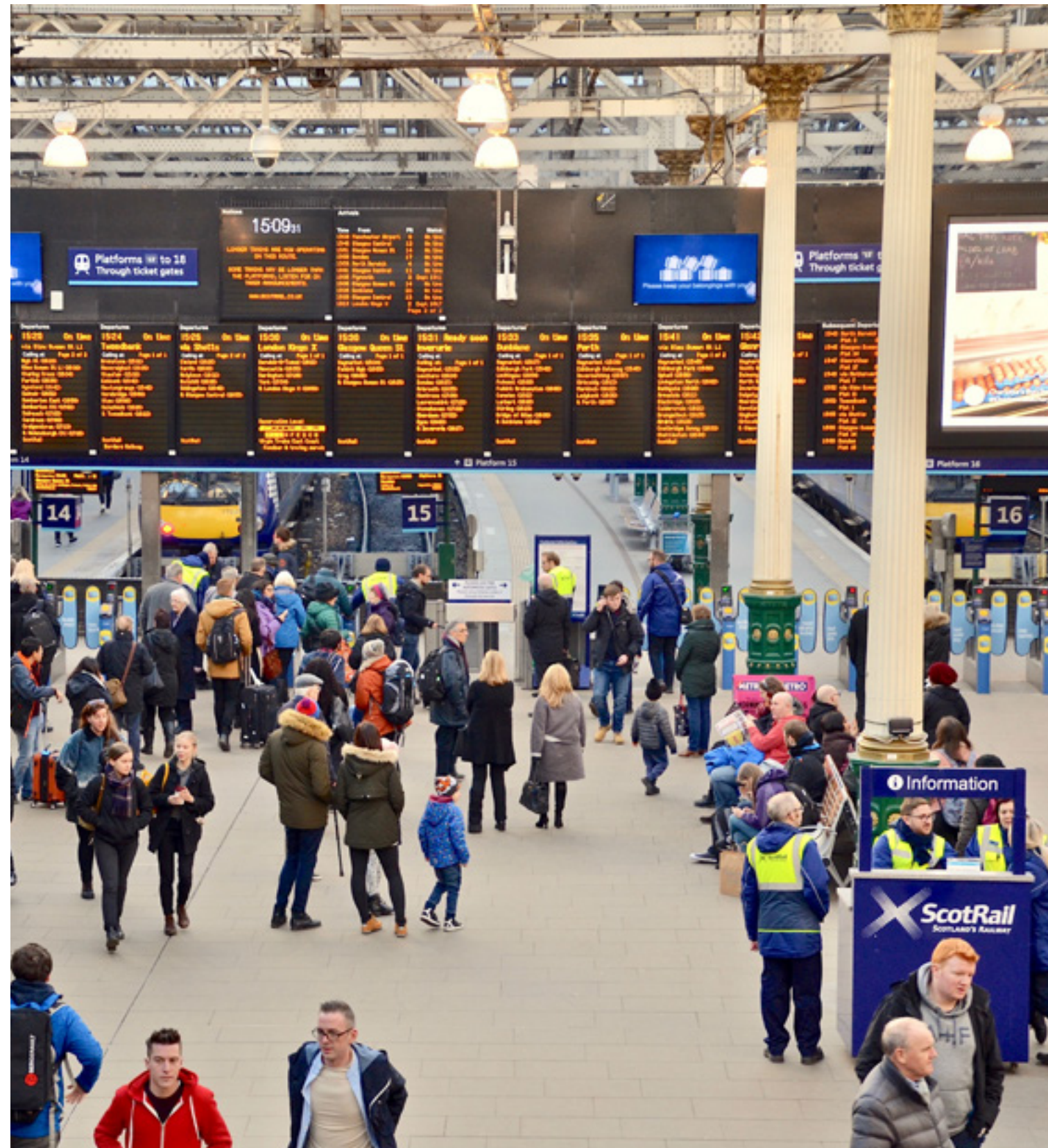
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Rail Services



Resilience

We introduced enhanced timetabling and resilience arrangements across the railway network. We continued to build in additional response and maintenance staff at key locations where delays were prevalent and / or where services were increased. We also increased our monitoring and meetings for performance management with the industry.

Rail Enhancements

We continue to develop and deliver a range of rail enhancement projects across the Scottish rail network. Over the past year we have completed works to upgrade Queen Street Station, delivered a new station at Kintore and continue to deliver a new stabling facility at Cadder and redevelop Aberdeen, Motherwell and Stirling stations.

Work is also continuing on the development of projects including the reopening of the Levenmouth line, improvements at East Kilbride, and between Aberdeen and the Central belt, with further new stations at Reston, East Linton and Dalcross.

The Team Scotland Execution Plan (TSEP)

This plan continues to be used successfully by partners across the Scottish Rail Industry ensuring appropriate levels of governance are applied in relation to the efficient development and delivery of rail enhancements projects. Version Three of the TSEP includes an enhanced Board structure to ensure a ‘whole system’ approach is used to deliver enhancements. This new structure also aligns with the work being undertaken to develop and deliver the rail decarbonisation strategy for Scotland, fleet procurement, timetable management and service development.

Our Rail Director, the Managing Director of Scotland’s Railway and the Chief Operating Officer of ScotRail also jointly chair a newly introduced ‘Rail Business Integration Group’ (RBIG). The function of RBIG is to act as a strategic advisory group to Team Scotland with a focus on timescales, achieving efficiencies and ensuring value for money for the Scottish tax payer.

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Low Carbon Loans Fund

Low Carbon Loan Scheme

A total of £36 million in new funds have been allocated to provide interest free Low Carbon Transport Loans for consumers and businesses. The scheme also opened up access to loans for used ULEVs, thus increasing opportunities for lower income households to benefit. We continue to provide support for third sector and community group's switch to EV's through Plugged In Communities, particularly in low income and rural areas. This was welcomed by community residents with positive feedback provided through an interim evaluation of the scheme.



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Trunk Road Improvements and Network Resilience



Construction

We have invested over £360 million to date in the A9 dualling programme between Perth and Inverness. Construction is well underway on the second section to be dualled between Luncarty to Pass of Birnam which is now expected to open to traffic in Winter 2021, having been delayed from Spring due to the impact of COVID-19. Procurement of the third section to be dualled - Tomatin to Moy - commenced in February 2021.

Scottish Ministers have also given approval to completing the statutory procedures for four more sections of the dualling programme: Tay Crossing to Ballinluig, Pitlochry to Killiecrankie, Glen Garry to Dalwhinnie and Dalwhinnie to Crubenmore. The design work for the remaining section between Pass of Birnam and Tay Crossing is also continuing following consultation with the local community.

We continue to progress plans to dual the A96 between Inverness and Aberdeen, delivering around 88 miles of upgraded road, and route option assessment work on the section between East of Huntly and Aberdeen is now complete, with the preferred option announced at a virtual exhibition in December 2020.

Design work is continuing to progress on a range of major road improvement projects including the A82 between Tarbet and Inverarnan, A9/A96 Inshes to Smithton, the grade separation of Sheriffhall Roundabout on the A720, Longman Roundabout on the A9/A82 and the junction at Laurencekirk on the A90.

The A9 Berriedale Braes Improvement opened to traffic in August 2020, and work continues to progress well on the A77 Maybole By-pass project, which is expected to be completed by winter 2021, as well as the A92/A96 Haudagain Improvements projects, also expected to be completed in winter 2021.

Network Resilience

Supported by our trunk road Operating Companies, we continued the successful delivery of road and bridge maintenance works across the trunk road network despite the COVID constraints that impacted on the construction industry in Quarter 1 of 2020-21. Work re-commenced as soon as it was safe to do so, in order to deliver maintenance and improvement schemes including resurfacing, cyclic maintenance and safety improvements across Scotland within the remainder of the financial year.

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£87 million has been invested in maintaining the A83 since 2007, and we have also invested in excess of £15 million in landslide mitigation measures at the Rest and Be Thankful. This has helped to keep the A83 open for an estimated 48 days, when it would otherwise have closed. We remain committed to a long term infrastructure solution to address the A83 Rest and Be Thankful landslip risks. Following a period of public consultation and engineering appraisal, Cabinet Secretary Michael Matheson announced in March 2021 that the preferred corridor for this solution is through Glen Croe, where the current A83 runs past the Rest and Be Thankful. We are now examining five possible route options within that corridor and will soon commence the process of appointing design consultants for this work. We have also committed to developing a medium term resilient route through Glen Croe including the consideration of options on land already owned by Scottish Ministers. Depending on the statutory consents required we hope to finalise these medium term proposals in 18 months.

We continued to strengthen and develop our winter resilience measures. In 2020-21, prolonged low temperatures and adverse weather conditions presented significant challenges for our teams. We further enhanced our planning and resilience to mitigate the impact of adverse weather, the COVID-19 pandemic and the potential disruption as a consequence of the EU exit. We also re-evaluated our procedures to ensure robust and accurate information flow, and whilst the Multi-Agency Response Team (MART) operates in conjunction with the Transport Scotland Resilience Room (TSRR), we also established a 'virtual' MART by utilising a number of appropriate technology platforms.

We also mobilised and operated a lorry park at Castle Kennedy as part of our EU Exit preparations, as well as playing a significant supportive role through the COVID-19 vaccination programme and finalising additional resilience preparations for Euro 2020.

We continue to work with our independent auditors (the "Performance Audit Group" (PAG)) to monitor and report on the performance of our Operating Companies and the delivery of their contractual obligations. PAG publishes an annual report on the contractual performance of the four main Operating Companies, with Audit Scotland undertaking separate reviews as appropriate. We also managed the demobilisation of the 4th Generation Trunk Road Term Maintenance Contract and mobilised its replacement, the Network Management Contract (NMC), in the South West and South East units by August 2021, through a proactive partnership approach.

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EU Exit



Negotiations

Throughout the EU exit negotiations, we engaged with the UK Government to ensure Scotland’s interests were considered, including the agreement to the prioritisation of perishable goods at Kent, thus protecting Scotland’s seafood industry. The objective for transport negotiations was to retain the high levels of international connectivity Scotland enjoys with the EU and the Rest of the World. The Trade and Co-operation Agreement broadly maintains these levels, allowing people and businesses the ability to travel to, from, and within the EU.

We engaged directly with stakeholders and introduced mitigation measures at Cairnryan to address possible impacts due to delays at the ports. We continue to monitor subsequent impacts, whilst the UK Government implements the NI protocol.

Going Forward

We continue to see a clear and comprehensive understanding of regulatory changes to key transport interdependencies going forward. We will focus on public procurement rules, subsidy control rules and environmental standards in order to identify and mitigate any potential negative impact on the delivery of transport services across Scotland. To achieve this, we continue to work with the UK Government, devolved administrations and industry partners in order to develop our new relationship with the EU, and we will also continue to monitor and review any impact of potential future constitutional change.

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Our Social and Community Issues



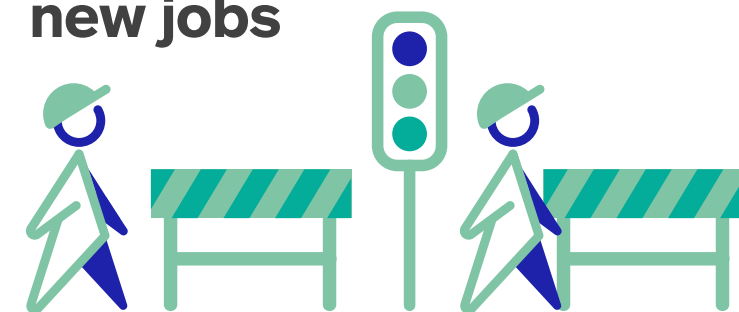
We aim to work in partnership with communities and to deliver social benefits across Scotland as a consequence of our work. We have been able to demonstrate this in a number of ways during 2020-21:

A9 Dualling: Luncarty to Pass of Birnam

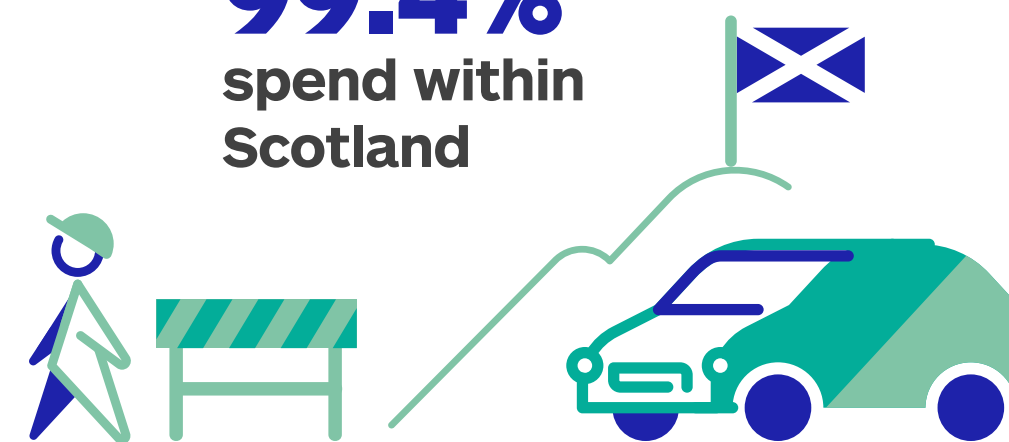
- 65 new jobs and 61 work placements have been delivered on site, including 7 apprenticeship and 10 graduate posts. The project has championed local sub-contracts including Small and Medium Enterprises (SMEs), supported businesses and third sector enterprises, with 54% of the total spend on sub-contractors being through SMEs.

- The A9 project has achieved 99.4% of spend on sub-contracts within Scotland (target 80%) with almost 98% spent within 60 miles of site (target 40%), and over 40% within 30 miles of site (target 20%), maximising the economic growth within the Scottish and local economies.
- The team has been involved in 77 nursery, school, college and university engagements involving more than 4,026 pupils and students with the aim of inspiring young people to possible careers in engineering and construction, and encouraging STEM (Science, Technology, Engineering and Maths) subjects from an early age.

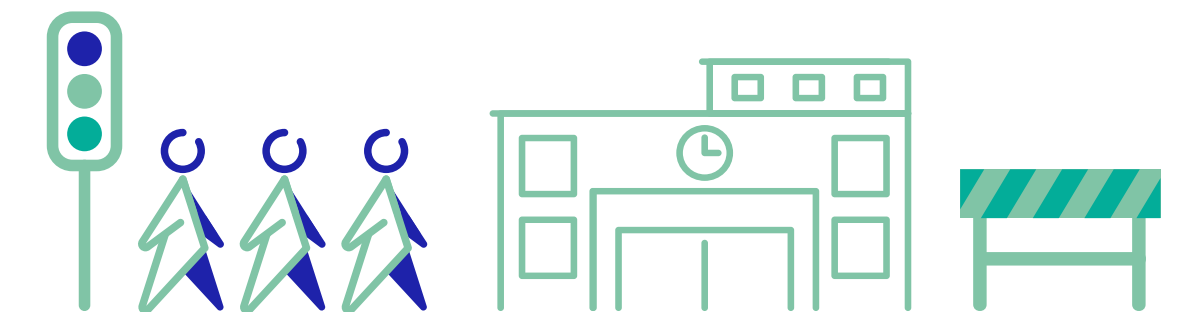
65
new jobs



99.4%
spend within
Scotland



10,000+
pupils engaged to
encourage STEM



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Academy 9

- We continue to deliver the award-winning, Academy9 educational initiative. In addition to promoting learning in relation to STEM (Science, Technology, Engineering, Mathematics) subjects in schools, the programme increases pupils' awareness of civil engineering-related careers. To date, 27 schools have been involved in 223 events, with over 6,600 pupil and 850 teacher engagements along the length of the A9.

A77 Maybole Bypass / A92/A96 Haudagain Improvement

- Overall the A77 Maybole Bypass Project has provided 6 Modern Apprentice and 5 Graduate Apprentice opportunities. Two apprentices from the local community employed by the contractor for the A77 Maybole Bypass project continue to obtain work experience and training as part of the Graduate Apprenticeship Civil Engineering Scheme, alongside two interns studying in their fourth year of University. 30 sub-contracts were awarded, 27 of those to SME's. Community Engagement activities have included virtual meetings with the local Community Council, and assistance to the Carrick Community Food Garden.

- The A92/A96 Haudagain Junction Improvement Project has provided 6 Modern Apprentices, 1 Higher apprentice and 4 Graduates opportunities. Two previously long-term unemployed, one of whom lives local to the project are continuing as full time permanent contractor's staff on the A92/A96 Haudagain Junction Improvement project in Aberdeen. 17 of the 21 sub-contracts awarded on the project have been to SME's, two of which were awarded to a supported business or social enterprise.

Sustainable Procurement

- We continue to undertake our procurement activity in a sustainable manner by ensuring that each project procurement strategy considers sustainability and utilises collaborative contracts where appropriate. As well as including a fair work requirement in our procurements, we remain at the forefront of implementing community benefits into our contracts.

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Forward Look



As an agency of the Scottish Government we remain focused on the priorities underpinning our vision, to deliver a transport system that reflects Scottish Ministers' National Transport Strategy priorities of reducing inequality, tackling climate change, delivering inclusive economic growth, and improving our health and wellbeing. This includes an ambitious statutory climate change target that serves to demonstrate commitment to a reduction in greenhouse gas emissions and net zero by 2045.

As part of our plans for a green recovery, we will support people to make active travel choices, and our actions set out in our first NTS Delivery Plan published in 2020-21, serve to reinforce our Sustainable Travel and Investment Hierarchies. We will continue to promote walking, wheeling and cycling, and shared transport options in preference to private car use.

The Investment Hierarchy is also at the core of our second Strategic Transport Projects Review and is reflected in the funding allocated for transport in the Scottish Government Capital Spending Review, as well as in specific projects and programmes within the Infrastructure Investment Plan published during the year.

In addition to prioritising low carbon spending, the hierarchy also reflects a priority of maintenance of existing assets over creation of new infrastructure. This will allow the direct spending on the trunk road network in order to address the maintenance backlog identified in the latest condition report.

In addition to decarbonising Scotland's railway by 2035 we also plan to continue to address station accessibility on our rail network. We plan to continue to support Strathclyde Passenger Transport to complete the ongoing Glasgow Subway Modernisation, which will also improve accessibility. We continue to operate the National Concessionary Travel Scheme for older and disabled people, taking forward options to extend it to people under 22.

We will launch further rounds of the Ferries Accessibility Fund, working with the Mobility and Access Committee for Scotland (MACS) and other partners to ensure that spending remains focused and beneficial.

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Our Financials



The financial statements for the year ended 31 March 2021 have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000, and in accordance with The HM Treasury Financial Reporting Manual (FReM). The financial statements are consolidated within the Scottish Government Consolidated Resource Accounts.

The accountable officer authorised these financial statements for issue on 19 November 2021.

The Scottish Government Consolidated Resource Accounts are published at Government finance:
<https://www.gov.scot/policies/government-finance/financial-reports-and-accounts/>

Significant accounting policies

The areas where accounting judgements have significant impact are outlined below:

Valuation of the Trunk Road Network

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

Recognition and the valuation of provisions

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

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Valuation of accruals

Due to the timing and availability of final year end information from external suppliers for Concessionary Travel, Rail and Roads maintenance, certain assumptions and judgments are required to be made when determining final accruals.

Public Private Partnerships (PPP)

We have three Public Private Partnerships (PPP) agreements in the form of Private Finance Initiative (PFI) contracts (M77-Connect, M6 DBFO-Autolink and M80 Highway Management (Scotland) Limited). These arrangements meet the definition of Service Concession Arrangements in accordance with the disclosure requirements of IPSAS 32.

We also have PPP agreements in the form of Non-Profit Distributing (NPD) contracts for the M8/M73/M74 Motorway Improvements Project, with Scottish Roads Partnership (SRP) and Aberdeen Roads Limited (ARL) for the AWPR / B-T. Both SRP and ARL are contractually obliged to provide the infrastructure and related services to the public on our behalf. We have reviewed the degree of control exercised by each of the parties in existing PPP contracts and conclude that the degree of control we retain satisfies the requirements that the related assets created are required to be accounted for on our Statement of Financial Position (SFP). Details of the accounting treatment can be found in notes 1 and 16 to the annual accounts.

For details of the differences between NPD and PFI contracts, see the Scottish Futures Trust website at www.scottishfuturestrust.org.uk

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Financial performance and use of resources

During the year, our budget can be subject to revision and adjustment via the Scottish Government Autumn Budget Revision (ABR) and Spring Budget Revision (SBR). The table below shows the movement in our budget and comparison with the outturn for 2020-21. More detail on performance can be found in our Performance Analysis section.

Resources to fund our operating costs and capital investment programme were allocated in the Scottish Government Budget 2020-21. The choice between public and private funding is governed by suitability for alternative forms of finance (including value for money). The policy decision set out in the 2020-21 budget is to maximise investment by utilising all available forms of finance (whilst working within a 5% affordability envelope for revenue financed schemes) in light of significant capital constraints.

	Original Budget 2020-21 £000's	ABR Adjust £000's	SBR Adjust £000's	Revised Budget 2020-21 £000's	Outturn 2020-21 £000's	Variance £000's
Rail Services	1,264,148	303,500 ¹	29,910 ¹	1,597,558	1,585,990	11,568
Concessionary Travel	303,750	109,700 ²	68,450 ²	481,900	402,756	79,144
Motorways & Trunk Roads	599,169	(500)	20,000	618,669	480,018	138,651
Ferries	255,117	34,250 ³	2,523	291,890	250,242	41,648
Air	76,747	0	24,600 ⁴	101,347	72,899	28,448
Other Sustainable Transport	295,837	2,206	18,582 ⁵	316,625	286,370	30,255
Local Authority Grants (RTP and Cycling) / Support for Active Travel / Inter Island Ferries	50,700	0	0	50,700	49,069	1,631
Total DEL	2,845,468	449,156	164,065	3,458,689	3,127,344	331,345
AME Capital	0	0	0	0	(11,252)	11,252
ODEL PFI Resource	131,026	0	0	131,026	130,039	987
TOTAL	2,976,494	449,156⁶	164,065⁶	3,589,715	3,246,131	343,584

- 1 includes additional COVID-19 support funding for Rail Services of £421 million, offset by other adjustments
- 2 includes additional COVID-19 support funding for Bus Operators of £191 million, offset by other adjustments
- 3 includes additional COVID-19 support funding for Ferry Services of £38 million, offset by other adjustments
- 4 includes additional COVID-19 support funding for HIAL of £22 million
- 5 includes additional COVID-19 support funding for Light Rail of £22 million and Scottish Canals of £2 million
- 6 the total ABR and SBR adjustments represent the total additional COVID-19 funding, offset by other minor adjustments

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A total of £3,459 million of budget cover was allocated from the Scottish Government Departmental Expenditure Limit (DEL) budget (19-20: £2,486 million). Annually Managed Expenditure (AME) relates to movement in provisions for both land compensation claims and orders for investment in land required to progress projects. The £131 million ODEL budget (19-20: £127 million) funds expenditure in respect of on-balance sheet PFI/PPP projects. This is scored against resource and includes payments for the, M77, M80 and M6 schemes. These form part of the overall budget of the Scottish Government.

The figures highlighted above include the costs and savings identified in relation to COVID-19 measures to support stakeholders and bodies providing services for Transport Scotland. The table below provides a summary of the approved additional financial support by transport mode in 2020-21.

Additional Funding Approved	2020-21
Transport Mode	£m
Rail	421
Bus	191
Light Rail	22
Ferry Services	38
HIAL	22
Canals	2
TOTAL	696

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Outturn Analysis

Transport Scotland 2020-21	Budget £000's	Actual £000's	Variance £000's
Resource - Operating Costs	1,626,313	1,494,846	131,467
Resource - Investment	1,443,759	1,414,907	28,852
Resource Depreciation (non-cash)	100,900	40,356	60,544
Capital	287,717	177,235	110,482
DEL total	3,458,689	3,127,344	331,345
AME Capital	0	(11,252)	11,252
PFI Resource (ODEL)	131,026	130,039	987
PFI Capital (ODEL)	0	0	0
Total	3,589,715	3,246,131	343,584

The DEL underspend of £331.3 million, comprises a cash underspend of £270.8 million and a non-cash underspend of £60.5 million. The cash underspend reflects the net position, with savings and slippages being partially offset by a number of pressures experienced over various directorates.

Additional funding required to cover overall cost pressures reported above, including COVID-19 measures, was allocated as part of the Spring Budget Revision. The on-going support required to allow existing public transport services to continue to run remains likely to extend significantly beyond the current financial year and is difficult to predict. We will therefore continue to review the position and progress the exercise to review the transition of public transport from COVID-19 to define what public transport provision will be appropriate for the future and the basis on which it should be supported.

The additional COVID-19 funding allocated to Transport was not all used in year and the underspend formed part of the overall Scottish Government position, including the amount required to be carried forward through the Scottish Reserve to support the 2021-22 budget. This is reflected in the most significant underspends in year and agreed actions approved to mitigate those as reflected below.

Underspends:

- £68 million lower than anticipated COVID Support for Bus operators reflecting higher than anticipated farebox revenue and lower operator service levels than forecast;
- £77 million reduction in Major Roads Projects including cessation of Shovel Ready schemes and delays in the Edinburgh City deal;
- £5 million reduction in COVID Support for Ferry Services;
- £10 million savings on maintenance costs for Clyde and Hebrides Ferry Service (CHFS) and Northern Isles Ferry Service (NIFS) that were funded as capital;
- £11 million re-profiling of grant support for the Skye Triangle ports projects;
- £5 million re-profiling of grant support for the Ardrossan and Troon Harbour projects;
- £32 million re-profiling of loan funding for vessels 801/802 and the new Islay vessel;

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- £5 million Dividend received from David MacBrayne Limited (DML) to offset COVID-19 support costs on CHFS contract;
- £7 million savings from the CHFS / NIFS contract year reconciliation;
- £11 million reduction in COVID support for HIAL;
- £4 million reduction in demand for the Air Discount Scheme due to COVID-19 restrictions;
- £13 million re-profiling of HIAL Capital projects;
- £24 million underspend on road operating company maintenance due to COVID restrictions and other re-profiling;
- £10 million underspend on Rail Projects;

- £16 million Low Carbon funding redeployed to support Low Emission buses;
- £8 million reduction in demand for the Bus Rapid Priority Deployment Fund;
- £36 million re-profiling of support for the Glasgow Subway Modernisation Programme;
- £3 million saving due to lower demand for the Young Persons and Other Concessionary Travel Schemes as a result of COVID-19 restrictions;
- £7 million minor savings across all areas.

These underspends have been offset by:

- £33 million redeployed to reduce CMAL pension deficit;
- £11 million additional spend in Roads to fund BEAR 3 bus retro-fitting scheme carried over from last year and programme staff costs;
- £12 million increase in Major Road Projects to cover prior year slippage; and
- £25 million additional spend on ultra-low emission buses.

The underspend in non-cash is a result of lower than anticipated depreciation of the road network. The AME outturn reflects the fact that provisions that were initially estimated were not required in year, with the negative expenditure representing a net overall reduction in these provisions. The ODEL resource underspend reflects a decrease in anticipated costs for the M8 as a result of an increased capital repayment and reduced spend, coupled with a review of expenditure within the M77 and M80.

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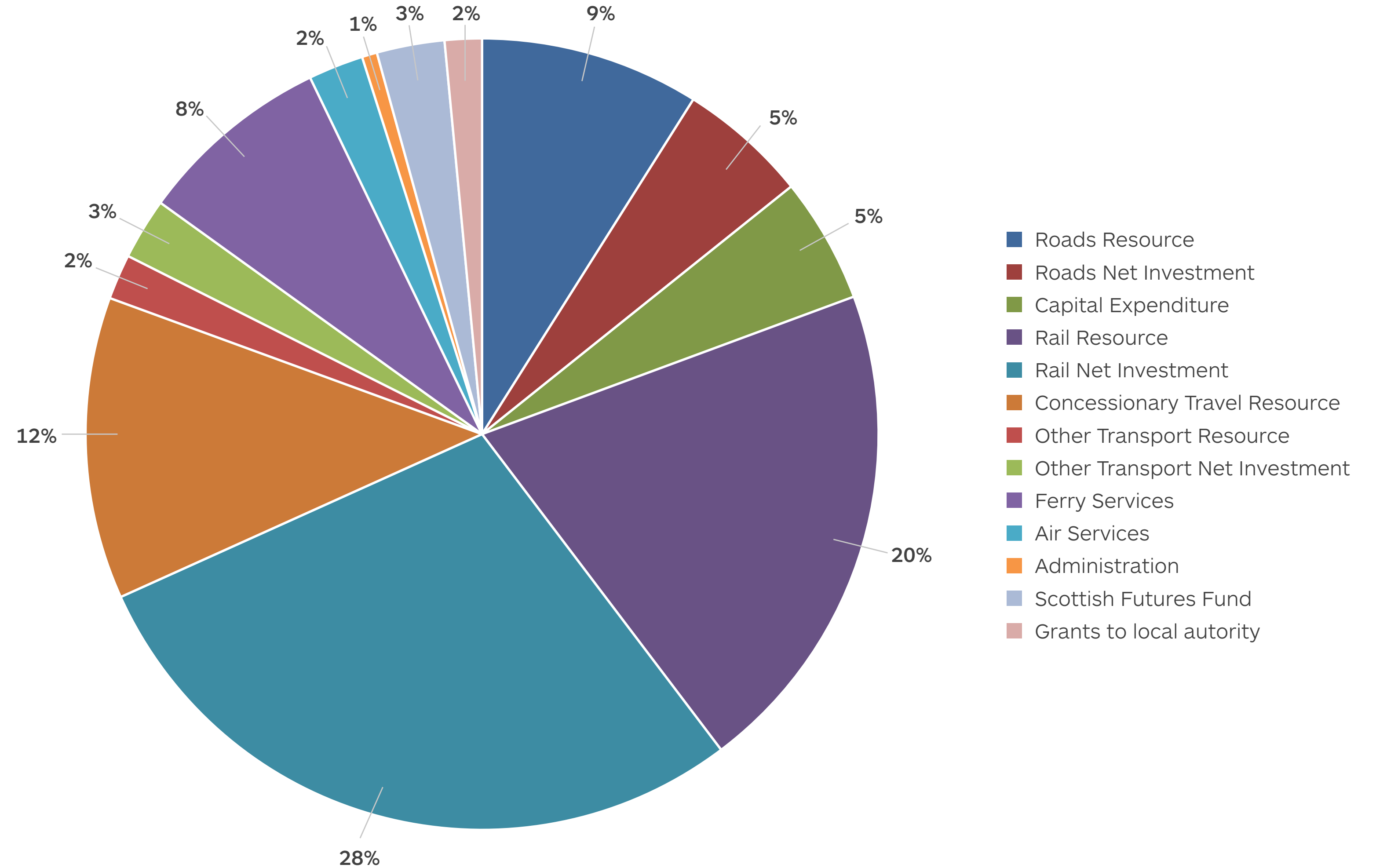


The total underspend of £344 million (19-20: £94 million underspend) represents approximately 9.6% (19-20: 4%) of the overall budget.

The Statement of Comprehensive Net Expenditure (SoCNE) on page 95 identifies net operating costs of £3.080 billion. Capital expenditure is not recognised as in-year expenditure within the SoCNE, but the table below provides a reconciliation of overall outturn to SoCNE.

	£000's
Net Operating Costs per SoCNE	3,080,148
Add: Additions to Intangible Assets (note 7)	0
Add: Additions to PPE (note 6)	137,033
Add: Additions to Investments (note 9)	37,760
Less: Disposals of PPE (note 6)	0
Less: Repayments of Investments (note 9)	(8,810)
Less: Disposals on Assets held for Sale (note 8)	0
Outturn per Management Commentary	3,246,131

The majority of Transport Scotland's budget is spent, either directly or indirectly, with external suppliers. Only 1% is utilised on the on-going Agency running costs. The chart below shows the percentage spent on each of the main areas of service provision identified in the budget.



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Balance Sheet Analysis

The total asset base is £21.8 billion, the majority of which relates to the trunk road network. There were no major true additions or de-trunkings in the year. Movement in the balance this year mostly relates to historic revaluations across a range of prior roads projects.

There were no assets noted within the asset register, which were held for sale 2020-21.

There has been an increase in the trade receivables of in excess of £80 million in year due to a higher level of prepayments made for COVID-19 support within Rail. However, within trade payables, the increase of £50 million is largely a consequence of an increase in roads operating company accruals, coupled with an increase in general payables as a result of increased COVID-19 Support payments during the year.

Relationship with suppliers

We are committed to prompt payment of bills for goods and services and aim to settle all undisputed invoices within contract terms and also in line with the Scottish Government 10 day payment policy. We settled 93% of invoices within this timescale (19-20: 95%). The amount owed to trade creditors at the year-end as a proportion of the aggregate amount invoiced during the year, represented -3.6 days in proportion to the total number of days in 2020-21 (19-20: -10.1 days).

Fraud Detection and Prevention

Transport Scotland has a dedicated Fraud Prevention Officer, who links directly with the Scottish Government Fraud Prevention Team. There is a published fraud prevention plan, which is updated with relevant legislative changes as they occur, and provides clear guidance on the Agency's approach to, and methodology for, anti-corruption, bribery, whistle blowing and cyber-crime. Additional information can be found at <https://www.gov.scot/publications/scottish-public-finance-manual/fraud-and-gifts/fraud>

Future Spending Plans

The Scottish Draft Budget 2021-22, provides details of our spending plans that will help deliver sustainable economic growth. These allocations are included in the table below for the coming financial year. The transport related element of the UK Government initial additional COVID-19 consequential funding budget announcement in relation to 2021-22 was £255 million. Further transport related COVID-19 consequential funding of £248 million was subsequently announced, the allocation of which has yet to be confirmed. This allocation will depend on the speed and extent to which restrictions are eased and demand for public transport returns to pre-COVID levels.

	2021-22* £000's
Resource – Operating Costs	1,375,689
Resource – Investment	1,530,937
Non-Cash	136,150
Financial Transactions	32,300
Capital	263,917
Sub-total	3,338,993
ODEL	131,229
Total	3,470,222

*Source – Scottish Draft Budget 2021-22

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Sustainability



The Policy

Climate change, and the move to a low carbon economy remain at the core of Transport Scotland's policy and decision making. The air quality team lead on issues relating to transport related air pollution levels and the impact on human health. The environment and sustainability team lead on corporate climate change mitigation, climate change adaptation and sustainable engineering.

The Agency has also been allocated 13 themes from the second Scottish Climate Change Adaptation Programme (SCCAP2). These include Active Travel, Electric Vehicle Charging Network (ChargePlace Scotland), Cleaner Air for Scotland Strategy, STPR 2, and Flood Risk Emergency Plan. In addition, current and future climate-related risks to transport associated with weather and other related events are captured within our risk assessments and contract documentation.

The Climate Change Unit leads on climate change policy, setting the strategic direction and building the evidence base on how to reduce emissions from Scotland's transport sector to meet the targets set out in the Climate Change Act (2019). Also, NTS2 supports Scotland's ambitious climate change agenda and will help our transport system to deliver our emissions targets of a 75% reduction by 2030, and net-zero by 2045. We are committed to embedding the Sustainable Travel and Investment Hierarchies in our decision making.

The Statistics

The financial year 2019-20 was the final year of Transport Scotland's current Carbon Management Plan - 3rd Edition (CMP), and the COVID-19 pandemic delayed the development of the 4th Edition in 2020-21. However, we remain committed to setting out a pathway for reaching net-zero greenhouse gas emissions.

During financial year 2020-21, Transport Scotland's combined emissions have reduced by 23%, with operational emissions decreasing by 48%, compared to the previous year.

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While this paints an accurate emissions reduction picture, these reductions are impacted by the default position for staff to work from home. This has resulted in minimal business and commute travel and no waste associated with our offices. We have continued to reduce emissions associated with Network Energy, with emissions reducing by a further 2% as part of the LED replacement programme. These details are highlighted in the table opposite.

During the course of the financial year 2021-22, we will publish Transport Scotland's CMP 4th Edition which will redefine our corporate boundary, not only combining both previously established emission sources, but also widening the scope as data collection methods have improved. Within the CMP, we will establish a date in which our corporate operations will be net-zero. The new plan will also define our scope of influence, and identify areas where the agency can work with stakeholders to reduce emissions in our supply chain.

As restrictions ease, there will likely be an increase in our emissions for the financial year 2021-22, however this will still have a significant reduction compared to "business as usual", pre 2020.

Corporate Carbon Emissions (2020-21)						
Element		Metric	Baseline in 2015-16 ¹	Actual in 2019-20 ¹	Actual in 2020-21 ¹	% change compared to previous year
Total Combined Emissions	-	tCO2e	22,222	7,222.8	6,602	-8.6%
Total Network Energy Emissions	Electricity	tCO2e	20,847	6,247	6,102	-2%
Energy (Scope 1&2 GHG emissions)	Electricity	tCO2e	764.98	447	331.9	-25%
	Gas	tCO2e	265.26	250	156.9	-37%
Travel (Scope 3 GHG emissions)	Business Travel	tCO2e	187.72	169.952	7.9	-95%
Travel (Scope 3 GHG emissions)	Commute Travel	tCO2e	154.5	101	0	-100%
Water	Water	tCO2e	3.13	2.6	2.5	-3.8%
Waste	Waste (BH)	tCO2e	2.02	5.3	0	-100%

t/CO2e figures are based on the UK Department for Business and Industrial Strategy GHG (greenhouse gas) conversion factors, figures from 2020-21 have been calculated using the 2020 GHG conversion factors, 2019-20 use the 2019 factor and the CMP 3rd Edition (2015-16) baseline used the 2015 GHG conversion factors.

This Performance Report has highlighted the achievements of the Agency and the contribution it made to the overall objectives of the Scottish Government, along with the risks and challenges faced during 2020-21.

Roy Brannen

Chief Executive

19 November 2021

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Accountability

In this section, we will demonstrate how Transport Scotland meets its accountability requirements to Parliament. The Agency’s auditors have reviewed it for consistency with the information contained in the financial statements for 2020-21 and their opinion, provided on pages 89-93 covers these disclosures.

Corporate Governance

The Corporate Governance section explains the composition and governance structure of the Agency and how that supports the achievement of our objectives.



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Directors Report

The Chief Executive is the Accountable Officer for Transport Scotland as an agency of the Scottish Government and is appointed by the Permanent Secretary as the Principle Accountable Officer for the Scottish Government under terms set out in the letter of appointment in line with guidance in the Scottish Public Finance Manual. The Chief Executive is supported by the Transport Scotland Senior Management Team, comprising eight Executive Directors with some specific responsibilities delegated from the Chief Executive, in addition to a direct support team and secretariat responsible for handling official correspondence.

The Executive Directors are in turn supported by their own staff, with responsibilities aligned to Transport Scotland's corporate objectives. In addition the non-executive members of Transport Scotland Audit and Risk Committee provide the Chief Executive with further assurance in that role and as members of major project boards.

At the outset of 2020-21 we pivoted our governance, structures and communications to address the additional challenges faced by the onset of the COVID-19 pandemic. This included continued adaptation to working from home for most of our staff, following the lockdown announced shortly before the start of the year. The rearranged structures aligned with changes adopted by Scottish Government and the Director General Economy to facilitate the regular communication of updates in response to the impact of COVID-19 using a hub and spoke model with a Transport Hub being the main communication centre for the agency, served by cells with responsibility for modes of transport, resilience, analysis, EU Exit and Finance.

These activities became the initial priority for Transport Scotland at the start of the year with their development and the transition through the various stages of response to the pandemic impacting on the extent to which we could continue to focus on delivery of major infrastructure projects; tackling climate change; promoting active travel; improving accessibility and moving to a low carbon economy, in progressing the published National Transport Strategy informed by developing the Strategic Transport Projects Review for the next 20 years (STPR2).

The Accountable Officer is also supported by an Audit and Risk Committee, chaired by a non-executive member (John Matheson has held this position since July 2017), and including two further external members. Pamela Mclauchlan served as a non-executive member during 2020-21, and Bill Bound also served as non-executive member until November 2020. Graeme Dickson was appointed to replace Bill Bound on 7 March 2021.

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Current Directors

- Roy Brannen; Chief Executive
- Lee Shedden (Acting); Temporary Appointment - Finance (from 6 January 2020 until appointment of permanent Director of Finance and Corporate Services on 7 June 2021)
- Stuart Greig; Low Carbon Economy
- Hugh Gillies; Roads
- Alison Irvine; Transport Strategy and Analysis
- Laura Murdoch; Bus, Accessibility and Active Travel
- Frances Pacitti; Aviation, Maritime, Freight and Canals
- Bill Reeve; Rail
- Michelle Rennie; Major Projects (returned from secondment 8 January 2021, left TS 19 April 2021)
- Alasdair Graham; Temporary Appointment – Major Projects (from 3 February 2020 until 22 January 2021)

Directors and Non-Executive Members Interests

Directors' and Audit & Risk Committee Non Executive Members' interests are recorded on the electronic HR system. The 2020-21 statements of assurance completed by Directors in post as at 31 March 2021 also confirmed that no conflict of interest arose in the exercise of their duties. Details of the Transport Scotland Directors Registers of Interest can be viewed on our website.

Appointed Auditors

The financial statements for 2020-21 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 £186,170 (2019-20: £181,630), 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 2020-21 (2019-20: none).

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Statement of Accountable Officer'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;
- comply with the requirements of the Government Financial Reporting Manual and in particular to state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on 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 the propriety and regularity of the public finances for which he is accountable, keeping proper records and safeguarding the Agency's assets, as set out in the Memorandum to Accountable Officers issued by the Scottish Government.

The Accountable Officer has taken all the necessary steps to make himself aware of any relevant audit information and to establish that the body's auditors are aware of that information. There is no relevant audit information of which the body's auditors are unaware.

The annual report and accounts as a whole are fair, balanced and understandable, the Accountable Officer takes personal responsibility for the annual report, and accounts and the judgements required for determining that it is fair, balanced and understandable.

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Governance Statement

The Governance Statement explains our approach to corporate governance, which is vital to effective financial and risk management.

The Scottish Public Finance Manual (SPFM) 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 be informed by work undertaken throughout the period to gain assurance about performance and risk management, providing an insight into the organisation's risk profile and its responses to identified and emerging risks.

This Governance Statement describes our governance structures and their operation, including:

- an assessment of corporate governance with reference to compliance with generally accepted best practice principles and relevant guidance, and explanations where a different approach has been adopted;

- an assessment of the organisation's risk management arrangements and risk profile, including, subject to a public interest test, details of significant risk-related matters arising during the period;
- a record of any written authorities provided to the Accountable Officer; and
- details of any significant lapses of data security.

Accountable Officer's scope of responsibilities

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 eight Directors and an Audit and Risk Committee, chaired by a non-executive member and including two further non-executive members.

In 2020-21, the Transport Scotland Senior Management Team met weekly, and topics under discussion included the review of corporate performance, the consideration of policy across the modes, the operation of the transport network and the governance and delivery of projects. Moreover, in particular response to the COVID-19 pandemic and local and national restrictions, the Senior Management Team also initially met daily, although this was subsequently revised to twice weekly.

Transport Scotland Audit and Risk Committee

The Audit and Risk Committee non-executive members bring independent judgement and challenge to the governance of the Agency. The Committee meets four times a year, although the Chair may convene additional meetings, and regularly meets myself and the Director of Finance and Corporate Services to keep abreast of developments. Audit and Risk Committee meetings will normally be attended by myself as Accountable Officer, the Director of Finance and Corporate Services, a representative of Internal Audit and a representative of external audit (Audit Scotland). In addition, other Transport Scotland officials attend to assist with consideration of specific issues as required.

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

The Audit and Risk Committee receives copies of minutes of weekly Senior Management Team meetings, as well as monthly finance reports, and also meets directors individually twice a year. In addition, the Committee also meets with Internal Audit and external audit separately, in private session, once a year.

The Audit and Risk Committee also produces an Annual Report, 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.

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. All public bodies must have a group which is responsible for:

- giving leadership and strategic direction;
- defining control mechanisms to safeguard public resources;
- overseeing management of our activities; and
- reporting on stewardship and performance.

Within Transport Scotland, that group is the Senior Management Team which adheres closely to these robust principles as follows:

Performance Review

All members of the Senior Management Team are set annual objectives on which their performance is appraised and recorded. These are focussed on our priority objectives, which are aligned with the Scottish Government National Performance Framework.

Performance against our objectives within the Corporate Plan is monitored throughout the year and measured against targets at year-end. Progress on key achievements is highlighted. In addition, every Directorate agrees more specific objectives and progress against these is reviewed and reported. Our financial management is undertaken within the context of the broader Scottish Government achievement of forecast outturn against allocated budget.

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 accountable 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 by the Finance and Corporate Services Directorate.

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Financial Management

The Senior Management Team reviews financial performance monthly as well as ensuring the timely production of the Annual Report and Accounts, in compliance with relevant guidance. Monthly financial reports considered by the Senior Management Team are shared with External Audit and Audit and Risk Committee Members. Our budgets are set in the context of the Scottish Government's annual budget process, and forecast expenditure is also reported monthly to the Scottish Government Finance Directorate.

Programme and Project Management

All investment projects are overseen by a Project Board, chaired by the Project Sponsor, incorporating appropriate procurement, legal, technical and financial expertise. 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. 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, also comprising relevant directors, in reviewing and approving the key stages in all of Transport Scotland's major projects and procurements.

The System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve our 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 their likelihood and impact and to manage them efficiently, economically and effectively in accordance with Scottish Government guidance. This system has been in place for the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts.

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Review of Effectiveness

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

Directors provide annual certificates of assurance covering their areas of responsibility. These are supported by completion of an internal control checklist, covering all areas of corporate governance. The content of this checklist is reviewed each year.

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

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

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

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

Audit Scotland external auditors, assess the extent to which they can place reliance on the individual reviews undertaken by Internal Audit to inform their opinion on the financial statements, depending on their relevance. Audit Scotland also undertakes a review of our internal audit arrangements.

Based on all of the above, I am satisfied that the corporate governance arrangements in place are appropriate and meet with best practice. There are no significant issues.

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Internal Audit Reports 2020-21

Audit Area & Scope	Outcome
1. Business Continuity – Preparedness, incorporation of lessons learned from significant events etc.	Assurance Provided: Reasonable
2. Road Safety– (Partnerships, Governance, Road Safety Framework etc.)	Assurance Provided: Substantial
3. ScotRail – (Contract Management, Preparation/Mobilisation for Operator of Last Resort)	Assurance Provided: Reasonable
4. Placeholder Review Response to Climate Change Emergency Declaration	Assurance Provided: Planned review removed from the audit plan in light of COVID demands with TSARC agreement

The work undertaken to support the assurance opinions for each of the reviews, alongside those of Gateway reviews and Audit Scotland reports, the response by Transport Scotland to the COVID pandemic in ensuring support funding was provided to public transport networks, the implementation of audit recommendations and management response and engagement has resulted in Internal Audit providing an overall assessment of Substantial Assurance in respect of Transport Scotland’s risk management, control and governance arrangements.

Best Value

All public bodies in Scotland are responsible for achieving Best Value through sound governance, good management, public reporting on performance and a focus on improvement. Best Value provides a common framework for continuous improvement in public services in Scotland, and is a key foundation of the Scottish Government’s Public Service Reform agenda. We demonstrate achievement of best value through undertaking reviews of our achievement in specific areas each year, using the Audit Scotland self-assessment toolkit.

The Best Value Review planned for 2020-21, utilising the toolkit on Vision and Strategic Direction has been delayed due the impact of COVID-19 and related pressures in other areas during the past year. Work is continuing and a report on this, coupled with a follow up review on Challenge and Improvement and Risk Management, will be completed in the Autumn of 2021. The Agency operates on the basis of continuous improvement and progress continues to be made across all business areas to improve, document and enhance systems and processes.

Risk Management

Risks are managed at the level most able to deal with them, with the most serious risks being escalated to the Senior Management Team. The Director of Finance and Corporate Services is the Risk Champion and Chairs the Risk Management Group. Each Directorate has a representative who is responsible for presenting their directorate’s corporate risks to the group and providing assurance on their management.

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

- I review the strategic and operational risks to achieving our objectives, in conjunction with the Directors, regularly at Senior Management Team meetings;
- the Audit and Risk Committee provides oversight of our risk management processes and strategy and Corporate Risk Register;
- managers identify and evaluate risks to successfully delivering objectives when they prepare and review their plans; and
- I regularly meet with our directors and ministers where both strategic and operational risks are discussed.

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Our Risk Management Framework sets out our approach to risk management and continues to be reviewed and enhanced (in line with arrangements in Scottish Government) to improve the transparency of our systematic approach to identify risks and to link them to Corporate Planning and Objectives. The Risk Framework provides additional guidance on assessing risks and their impact, with a scoring system that recognises both likelihood and impact. It also includes advice on how to assess risk appetite and review mitigating actions. Awareness sessions continue to be held for both management and staff and all Risk Registers continue to be reviewed and revised to ensure they consistently comply with guidance.

The Risk Management Group (Chaired by the Director of Finance and Corporate Services) is responsible for developing and maintaining the Corporate Risk Register and for facilitating the on-going production and review 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.

The Risk Management Group undertook an exercise to review and compare the approach to risk management across DG families. This took the form of Housekeeping Exercises conducted across all directorates to assess the processes undertaken to identify potential improvements to Risk Management. The resultant report will be used to further develop the Risk Management Framework and subsequently publish the document on the intranet.

The most significant risks currently identified by the Agency include the impact of COVID-19 on Transport Provision, including the ability to meet obligations within budget and achieve economic recovery, address the impact of EU exit, fund and deliver major projects and continue to support the provision of public transport and achieve the Programme for Government commitment on climate change. In order to confront the significant challenges it faces going forward, it remains imperative that the Agency is able to recruit, retain and develop appropriately qualified and skilled colleagues in order to deliver its agendas. The significant risks are also highlighted in Figure 4 on pages 20-22.

Managing information and information security

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

In addition, we follow the Scottish Government key principles for good information management 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; and
- our information complies with regulations and legal requirements.

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

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Counter Fraud / Review of risk of financial loss.

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

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

The Plan also now includes a bespoke section on Cyber Resilience, to recognise its importance. Our ICT team review and develop best practice, improve staff awareness and monitor our bespoke systems against exposure. We are a pilot organisation for Cyber Resilience within Scottish central government, and have achieved Cyber Essentials Plus accreditation.

We have continued to encourage staff to undertake training and review regular updates and staff notices distributed 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 the Fraud Log that is reviewed by the Audit and Risk Committee, together with responses and any further mitigation. There was one case of suspected fraud highlighted during the year, however, a detailed investigation of this, by Transport Scotland colleagues and Police Scotland, found no evidence of wrong doing or malpractice and the case was closed. There were no further cases of fraud or attempted fraud in 2020-21 (2019-20: one), and no specific outstanding concerns to highlight. Information continues to be shared with Police Scotland where this is deemed appropriate.

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

Business Continuity

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

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

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

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

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Throughout 2020-21, much of the focus of resilience efforts has been the impact of and the response to the COVID-19 pandemic. A framework of resilience and business continuity was implemented, with individual directorates forming support cells to address planning and response to support the continued provision of transport services across Scotland and to deal with the impact of the pandemic on these services, but also to continue to support staff through the crisis. These cells continue to report to the Transport Hub that provides information to the Economy Hub as part of the SG framework of reporting within the Scottish Government Resilience Response arrangements. Our Business Continuity Plan was successfully deployed and demonstrated to operate effectively, with lessons learned reflected in updated plans.

Most of our staff have been working at home since March 2020. Options continue to be assessed for a planned phased return after August 2021. In order to ensure effective continuation of financial and governance arrangements we reviewed the operation of our processes on a remote basis. Our Senior Management Team also meet virtually to review the latest position and agree the continuing development of our response and our transition into 'business as usual'. The Audit and Risk Committee also continue to meet virtually and to maintain regular contact by correspondence. Our Internal Auditors continue to be alert to all resilience and 'business as usual arrangements'. All of these arrangements allowed us to respond to the initial and transition phases and to agree the measures required to ensure continued provision of public transport services and infrastructure.

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Remuneration and Staff

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



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Staff Report

Equal Diversity and Inclusion

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

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

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

The table below identifies the gender split within Transport Scotland for the year 2020-21.

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

Gender	2020-21			2019-20		
	Chief Executive and Directors	Employees	Total	Chief Executive and Directors	Employees	Total
Female	4	245	249	3	244	247
Male	5	354	359	6	345	351

Figures based on Agency numbers at the end of March 2021.

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Staff relations

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

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

The 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

The Annual People Survey is run across the UK Civil Service and the contract and survey design is managed by the Cabinet Office. All colleagues are encouraged to participate and to inform on what is working well and what could be improved across the organisation. We receive our own set of headline and directorate results from the survey.

The engagement index for last year’s survey was 68%, a 4% increase from the previous year. Our results have improved in the last year across all headline categories, with the highest scoring criteria being Inclusion (87%), My Team (86%) and Organisational Objectives (86%). Staff responses continue to help us to identify and develop actions and improvements to make Transport Scotland a great place to work for everyone, and we also provide regular updates on our progress against all actions.

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

In 2020-21 an average of 4.9 working days (19-20: 9.0) were lost due to sickness absence per staff year for Transport Scotland.

In 2020-21, the percentage turnover for Transport Scotland was 3.45% (19-20: 4.29%). There were 17 leavers within the period, and an average headcount of 492.5.

Health and Safety

We are committed to achieving the highest standards of health and safety for our staff, visitors, contractors and any others who may be affected by our acts or omissions. We continually engage and promote positive health and safety climates and culture, seeking continuous improvement through relevant and compulsory training and e-learning, with the support of the Health & Safety Adviser and Health & Safety Liaison Officers. We have a bespoke and robust health and safety management system and health and safety policy manual, delineating roles, responsibilities and how we will achieve these goals, all of which is in alignment with Scottish Government Occupational Health & Safety strategies.

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Trade Union Membership

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

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

Employment of disabled persons

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

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

The number of staff as at 31 March 2021 who had declared a disability employed by Transport Scotland was 51 (2019-20: 51).

Staff Costs

Details of Agency staff numbers and costs for the year are contained within Note 2 to the Accounts. Transport Scotland incurred £27.7 million in relation to staff costs in the year 2020-21 (2019-20: £23.7 million). Of this, £25.6 million was in relation to permanent staff, who are civil servants with an employment contract with Transport Scotland (2019-20: £22.4 million). The balance of £2.1 million related to agency staff (2019-20: £1.2 million).

In addition, the agency paid out £10.4 million in professional consultancy costs in 2020-21 (2019-20: £8.7 million) in relation to professional services required in the procurement of key projects and the delivery of the Agency’s transport objectives.

At the end of financial year 2020-21, the Agency headcount totalled 608, analysed in the table below. The full time equivalent (FTE) figure of Permanent staff was 482.3.

Staff Category	Headcount at 31 March 2021	Headcount at 31 March 2020
Permanent Staff	497	479
Agency Staff	28	33
Consultants employed	83	86
Total	608	598

Pension liabilities

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

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Remuneration Report

Remuneration Policy

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

- the need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; 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. In line with Scottish Public Sector Pay Policy there will be no non-consolidated performance payments.

Further information about the work of the SSRB can be found at: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

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

Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at <https://www.civilservicecommission.independent.gov.uk>

Whilst Transport Scotland does not have a Board with non-executive directors, the Audit and Risk Committee has three external members to ensure independent oversight and challenge: John Matheson (appointed as chair in July 2017); Pamela Mclauchlan (appointed May 2015) and Bill Bound (appointed November 2016, resigned November 2021). Graeme Dickson was appointed on 7 March 2021.

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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 the salary, the value of any bonuses or taxable benefits in kind and the pension benefits of the directors for the year 2020-21, along with comparative figures are shown in the table overleaf.

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Single total figure of remuneration

Directors	Salary		Bonus Payments		Benefits In Kind (To Nearest £100)		Pension Benefits (To Nearest £1,000)		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mike Baxter ¹	-	55-60	-	-	-	-	-	31,000	-	85-90
Roy Brannen	100-105	95-100	-	-	-	-	64,000	54,000	165-170	150-155
Donald Carmichael ²	-	55-60	-	-	-	-	-	27,000	-	80-85
Hugh Gillies	80-85	75-80	-	-	-	-	57,000	42,000	140-145	115-120
Alasdair Graham ³	65-70	10-15	-	-	-	-	37,000	8,000	100-105	20-25
Stuart Greig ⁴	75-80	5-10	-	-	-	-	31,000	4,000	105-110	10-15
Alison Irvine	80-85	75-80	-	-	-	-	31,000	30,000	110-115	105-110
Laura Murdoch	80-85	75-80	-	-	-	-	44,000	46,000	125-130	120-125
Frances Pacitti	80-85	70-75	-	-	-	-	32,000	30,000	110-115	100-105
Bill Reeve	110-115	105-110	-	-	-	-	55,000	47,000	165-170	155-160
Michelle Rennie ⁵	20-25	60-65	-	-	-	-	9,000	28,000	25-30	85-90
Lee Shedden ⁶	75-80	15-20	-	-	-	-	31,000	7,000	105-110	25-30
Chris Wilcock ⁷	-	55-60	-	-	-	-	-	52,000	-	105-110

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 Mike Baxter left post as Director of Finance and Corporate Services on 3 January 2020. The £55k-£60k for year 2019-2020 represents salary to this date. 2019-2020 full year equivalent banding £70k- £75k.
- 2 Donald Carmichael left post as Director of Low Carbon Economy on 5 January 2020. The £55k-£60k for year 2019-2020 represents salary to this date. 2019-2020 full year equivalent banding £70k- £75k.
- 3 Alasdair Graham took up post as Acting Director of Major Projects on 3 February 2020 and left post on 31 January 2021. The £10k-£15k for year 2019-2020 represents salary from start date to 31 March 2020. 2019-2020 full year equivalent banding £75k-80k. The £65k-£70k for year 2020-2021 represents salary from 1 April 2020 to end date. 2020-2021 full year equivalent banding £75k- £80k.
- 4 Stuart Greig took up post as Director of Low Carbon Economy on 17 February 2020. The £5k-£10k for year 2019-2020 represents salary from this date. 2019-2020 full year equivalent banding £75k- £80k.
- 5 Michelle Rennie temporarily left post as Director of Major Projects on 31 January 2020. The £60k-£65k for year 2019-2020 represents salary to this date. 2019-2020 full year equivalent banding £70k- £75k. Michelle returned to this post on 5th January 2021. The £20k-£25k for 2020-2021 represents salary from return date to 31st March 2021. 2020-2021 full year equivalent banding £80k-£85k.
- 6 Lee Shedden took up post as Acting Director of Finance and Corporate Services on 6 January 2020. The £15k-£20k for year 2019-2020 represents salary from this date. 2019-2020 full year equivalent banding £75k- £80k.
- 7 Chris Wilcock took up post as Acting Director of Aviation, Maritime, Freight and Canals on 21 January 2019 and left the post on 31 December 2019. The £55k-£60k for year 2019-2020 represents salary from 01 April 2019 to 31 December 2019. 2019-2020 full year equivalent banding £75k- £80k

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Salary

Salary and allowances cover both pensionable and non-pensionable amounts and include: gross salaries; overtime; recruitment and retention allowances; private-office allowances or other allowances to the extent that they are subject to UK taxation. This total remuneration is shown in the figures 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.

Fees

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

The fees which the external members of the Audit and Risk Committee were entitled to for 2020-21 are as follows:

John Matheson	£232 daily rate
Pamela Mclauchlan	£232 daily rate
Bill Bound	£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 median calculation includes directly employed staff paid through SG Core payroll. It covers both permanent staff and those on fixed term contracts.

It does not include temporary agency staff paid locally by invoice, as these invoices are not processed through the payroll system. The ratio is calculated as the mid-point of the highest band divided by the median total remuneration.

The full year equivalent banded remuneration of the highest paid director was £110k - £115k (2019-20: £105k - £110k). This was 2.7 times (2019-20: 2.8 times) the median remuneration of the workforce, which was £42,194 (2019-20: £38,507).

In 2020-21, no employee received remuneration in excess of the highest paid director (2019-20: one). Remuneration across Transport Scotland ranged from £20k - £111k (2019-20: £19k - £110k).

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.

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Civil Service and other Compensation Scheme

Within Transport Scotland, no members of staff agreed departures under the Civil Service Compensation Scheme rules in 2020-21. There were no members of staff who agreed departures under the scheme in 2019-20.

No members of staff retired on ill health grounds in 2020-21 (2019-20: nil).

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 2021. The accrued pension includes service previous to becoming a Director and/or service in other departments.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown overleaf relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

The real increase in CETV quoted in the table overleaf 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 £238,709 for the year to 31 March 2021. 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.

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

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

Pension data was supplied to Transport Scotland by MyCSP for all of the Directors, with the exception of Bill Reeve, whose information was supplied by RPMI.

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

Further details about the Civil Service pension arrangements can be found at the website <https://www.civilservicepensionscheme.org.uk>

	Lump Sum at NRA as at 31 March 2021	Real Increase in Lump Sum at age NRA	Accrued Pension at age NRA as at 31 March 2021	Real Increase in Pension at age NRA	CETV as at 31 March 2021	CETV as at 31 March 2020	Real Increase in CETV in 2020-21
	£000	£000	£000	£000	£000	£000	£000
Roy Brannen	95-100	2.5-5.0	45-50	2.5-5.0	879	799	47
Hugh Gillies	0	0	30-35	2.5-5.0	513	452	41
Alison Irvine	0	0	15-20	0-2.5	194	165	17
Laura Murdoch	0	0	20-25	2.5-5.0	309	274	21
Alasdair Graham	0	0	20-25	0-2.5	309	275	22
Bill Reeve	70-75	2.5-5.0	55-60	2.5-5.0	1,688	1,426	106
Michelle Rennie	0	0	20-25	0-2.5	308	258	5
Frances Pacitti	0	0	10-15	0-2.5	96	76	11
Stuart Grieg	0	0	15-20	0-2.5	185	160	13
Lee Shedden	0	0	15-20	0-2.5	259	225	19

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Parliamentary Accountability Report

The following Parliamentary Accountability section summarises all of the key accountability documents for the Agency, including the Audit Report for the year.

Regularity of Expenditure

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

Fees and Charges

Transport Scotland does not raise any significant income through fees and charges.

Remote Contingent Liabilities

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. Transport Scotland has a number of these liabilities and they are disclosed in Note 19 (c) to the Annual Accounts.

Gifts

There were none.

Scottish Parliament Committee Appearances

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

Rural Economy and Connectivity Committee

- 13 May 2020 - COVID-19 – Scottish Government Response
- 26 August 2020 - Construction and Procurement of Ferry Vessels in Scotland
- 02 September 2020 - Transport Update
- 07 October 2020 - Glasgow Prestwick Airport
- 07 October 2020 - Financial Scrutiny

- 10 February 2021- Climate Change Plan Update
- 17 February 2021- Budget Scrutiny 20-21, LEZ & Concessionary Travel SSI
- 10 March 2021 - End of Session Update

Public Petitions Committee

- 24 February 2021 - HIAL Air Traffic Control Modernisation

Public Audit and Post Legislative Scrutiny Committee

- 25 February 2021 – Major Projects Update (Officials Only)



Roy Brannen

Chief Executive

19 November 2021

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Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Transport Scotland for the year ended 31 March 2021 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable in law and in the International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020-21 Government Financial Reporting Manual (the 2020-21 FReM).

In my opinion the accompanying 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 2021 and of its net expenditure 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 2020-21 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.

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Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 18 July 2016. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

I report in a separate Annual Audit Report, available from the **Audit Scotland website**, the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

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

Responsibilities for regularity

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

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Reporting on other requirements

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

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

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report. My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or

apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard. My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

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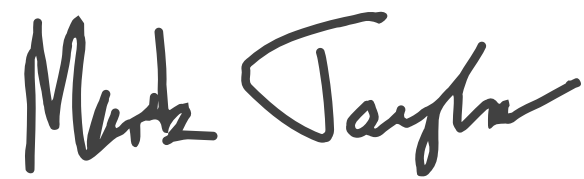
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Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Mark Taylor CPFA

Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

19 November 2021

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Statement of Comprehensive Net Expenditure for the year ended 31st March 2021

	Note	£000's Staff Costs	£000's Other Costs	£000's Income	2020-21 £000's Total	2019-20 £000's Total
Administration costs						
Staff costs	2	15,009			15,009	12,083
Other administration costs	3		5,013		5,013	5,526
Total administration costs					20,022	17,609
Programme costs						
Staff costs	2	12,740			12,740	11,633
Other programme costs	4		3,062,252		3,062,252	2,261,632
Income	5			(14,866)	(14,866)	(9,223)
Total programme costs					3,060,126	2,264,041
Total		27,749	3,067,265	(14,866)	3,080,148	2,281,650
Net operating costs for the year ended 31 March 2021					3,080,148	2,281,650

Other Comprehensive Net Expenditure

	Note	2020-21 £000's	2019-20 £000's
Items that will not be reclassified to net operating costs:			
Net (gain) / loss on:			
- revaluation of property, plant and equipment	6	32,136	(78,888)
- revaluation of intangibles		0	0
		32,136	(78,888)
Items that may be reclassified subsequently to net operating costs:			
Net (gain) / loss on:			
- revaluation of assets held for sale	8	0	0
Total comprehensive net expenditure for the year ended 31 March 2021		3,112,284	2,202,762

All income and expenditure is derived from continuing activities.

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Statement of Financial Position as at 31st March 2021

	Note	£000's	31 March 2021 £000's	£000's	31 March 2020 £000's
Non-current assets					
Property, plant & equipment	6	21,322,186		21,333,172	
Intangible assets	7	0		6	
Financial assets	9	267,980		327,411	
Other receivables	10	50,000		52,552	
Total non-current assets			21,640,166		21,713,141
Current assets					
Assets held for sale	8	0		0	
Financial assets	9	10,370		10,341	
Trade and other receivables	10	143,552		51,810	
Cash & cash equivalents		0		0	
Total current assets			153,922		62,151
Total assets			21,794,088		21,775,292
Current liabilities					
Trade and other payables	11	(287,453)		(230,319)	
Provisions	12	(17,428)		(26,792)	
Total current liabilities			(304,881)		(257,111)
Total assets less current liabilities			21,489,208		21,518,181

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Statement of Financial Position
as at 31st March 2021 cont'd...



Roy Brannen
Chief Executive

19 November 2021

The notes on pages 101 to 140 form part of these accounts.

	Note	£000's	31 March 2021 £000's	£000's	31 March 2020 £000's
Non-current liabilities					
Other payables and financial liabilities	11	(1,112,294)		(1,147,985)	
Provisions	12	(12,118)		(19,631)	
Total non-current liabilities			(1,124,412)		(1,167,616)
Assets less liabilities			20,364,796		20,350,565
Taxpayers' equity					
General fund	SoCTE		12,184,094		12,111,517
Revaluation reserve	SoCTE		8,180,702		8,239,048
Total taxpayers' equity			20,364,796		20,350,565

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Cash Flow Statement for the year ended 31st March 2021

	Note	2020-21 £000's	2019-20 £000's
(A) Cash flows from operating activities			
Net operating cost	SoCNE	(3,080,148)	(2,281,651)
Adjustments for non-cash transactions	3/4	40,544	100,322
Decrease / (increase) in trade and other receivables	13	(89,190)	(7,303)
Adjustment for the revaluation element of assets held for sale	8	0	2
Increase / (decrease) in trade and other payables	13	27,527	11,631
Increase / (decrease) in provisions	13	(16,878)	(22,585)
Adjustment for interest element of PFI contracts	4	71,875	65,816
Net cash outflow from operating activities		(3,046,270)	(2,133,768)
(B) Cash flows from investing activities			
Purchase of property, plant and equipment	6	(137,033)	(165,820)
Disposal of property, plant and equipment	6	0	1,318
Increase / (decrease) in capital accruals	13	30,355	(10,584)
Voted loans and Other Funds	9	59,402	(69,435)
Net cash outflow from investing activities		(47,276)	(244,520)
(C) Cash flows from financing activities			
Funding from the Scottish Government	SoCTE	3,353,485	2,549,721
Inter Entity transfers	SoCTE	(151,625)	(56,637)
Capital element of payments - finance leases and On Balance Sheet PFI contracts	13	(36,439)	(48,978)
Interest element of PFI contracts	4	(71,875)	(65,816)
Net Financing		3,093,546	2,378,290
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

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Statement of Changes in Taxpayers Equity for the year ended 31st March 2021

	Note	General Fund £000's	Revaluation Reserve £000's	Total Reserves £000's
Balance at 31st March 2019		12,001,716	8,218,123	20,219,839
Changes in taxpayers' equity for 2019-20				
Net gain / (loss) on revaluation of property, plant and equipment	6	0	78,888	78,888
Non-current assets adjustments			(165)	(165)
Roads trunkings / de-trunkings	6	(235,254)	0	(235,254)
Roads historic value adjustment	6	75,493	0	75,493
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		57,947	(57,798)	149
Inter-Entity transfers		(56,637)	0	(56,637)
Non-cash charges - auditors remuneration	3	182	0	182
Net operating costs for the year	SoCNE	(2,281,651)	0	(2,281,651)
Total recognised income and expense for 2019-20		(2,439,920)	20,925	(2,418,995)
Funding from Scottish Government		2,549,721	0	2,549,721
Balance at 31st March 2020		12,111,517	8,239,048	20,350,565

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Statement of Changes in Taxpayers Equity for the year ended 31st March 2021

	Note	General Fund £000's	Revaluation Reserve £000's	Total Reserves £000's
Changes in taxpayers' equity for 2020-21				
Net gain / (loss) on revaluation of property, plant and equipment	6	0	(32,136)	(32,136)
Non-current assets adjustments		0	0	0
Roads trunkings / de-trunkings	6	0	0	0
Roads historic value adjustment	6	(75,587)		(75,587)
Transfers to Scottish Government	6	0	0	0
Realised element of the revaluation reserve		26,266	(26,210)	56
Inter Entity transfers		(151,625)	0	(151,625)
Non-cash charges - auditors remuneration	3	186	0	186
Net operating costs for the year	SoCNE	(3,080,148)	0	(3,080,148)
Total recognised income and expense for 2020-21		(3,280,908)	(58,346)	(3,339,254)
Funding from Scottish Government		3,353,485	0	3,353,485
Balance at 31st March 2021		12,184,094	8,180,702	20,364,796

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Notes to the Accounts

1. Statement of Accounting Policies

The accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FRM). The particular accounting policies applied by Transport Scotland are described in this section. The accounts are prepared using, where necessary, estimation techniques which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. There is the possibility that there may be outcomes within the next financial year that differ from those made this year and consequently these may require a material adjustment to the carrying amount of an affected asset or liability.

1.1 Accounting Convention

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

- IFRS 16 – Leases. This replaces IAS 17. The implementation of this standard has been deferred for central government bodies and will therefore be applicable to Transport Scotland for 2022-23. The impact of this is anticipated to eliminate accounting for operating leases, and recognise the value of all leased and other ‘right of use’ assets specified to operators, in contracts for the provision of services in the Statement of Financial Position. The impact on Transport Scotland Accounts is expected to relate to the potential value of assets that require to be accounted for in terms of right to use. Work continues on the identification, collation and review of information across all business areas in preparation for implementation, and this in itself is significant.
- Amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’. The amendments clarify the meaning of materiality and the definition of users of financial information. This has been reviewed and will have minimal impact for Transport Scotland.
- IFRS 17 – the date of application of IFRS 17 has been deferred to 1 January 2023. It continues to be reviewed and the impact considered, although it is anticipated that it will have minimal relevance to Transport Scotland.
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9 and IAS 41. It is anticipated that these will have minimal impact on Transport Scotland.

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1.2 Trunkings / Detrunkings

The accounts reflect ownership and responsibility to maintain the trunk road network. Transfers of the responsibility for maintaining sections of the trunk road network to/from the Local Authority network are referred to as 'de-trunkings' or 'trunkings' respectively and are treated as transfers to/from other Government Departments at nil consideration through the General Fund.

1.3 Property, Plant and Equipment (PPE)

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale (see 1.6). Title to the freehold land and buildings shown in the accounts of Transport Scotland is held by Scottish Ministers.

1.4 Capitalisation Policy

The trunk road network is recognised as a single infrastructure asset in accordance with FReM, as a variation of IFRS 16. However it comprises four distinct elements that are accounted for differently: Land; Road Pavement; Structures; and Communications.

Subsequent expenditure is capitalised where it adds to the service potential or replaces the existing elements of assets that were previously identified in the Road Authorities Asset Valuation System (RAAVS). Expenditure that does not replace or enhance service potential will be expensed as a charge to the Statement of Comprehensive Net Expenditure. Where a scheme is subsequently cancelled the capital costs are written off to the Statement of Comprehensive Net Expenditure. Any retained land or building assets are transferred to the land and buildings category where it is not currently possible to market them for sale or to Assets Held for Sale where they are being marketed for sale.

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

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

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

Valuation

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

Other items of property, plant and equipment are held at current value in existing use. These assets have not been re-valued from their depreciated historic cost or valuation at 1 April 2007, as the movement in their relevant indices since then was considered to be negligible and the economic lives of the assets so short that the impact of any adjustment was not considered significant.



Infrastructure Assets - the road network

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

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

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

The indexation factors applied are:

Road Pavement and Structures	Baxter Index, published quarterly by the Department for Business, Energy and Industrial Strategy (BEIS).
Communications	Traffic Scotland provide new gross 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.

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 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.

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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:

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

The annual depreciation charge for the road surface is determined by the annual condition variance.

Structures and communications assets are depreciated on a straight line basis over the expected useful lives above.

Non-Infrastructure Assets

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

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

1.6 Assets Held For Sale

A property is derecognised and held for sale when:

- 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 we expect 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 £25,000 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 Assets

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

Loans and receivables are recognised initially at fair value, plus transaction costs. Fair value is usually the contractual value of the transaction. Thereafter, loans and receivables are held at amortised cost in accordance with IFRS 9 where the Agency’s business model is to hold them to collect the cash flows and where the cash flows are solely payments of principal and interest on the outstanding principal.

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

Loans and receivables are only derecognised under the following circumstances: when the rights to the cash flows expire; when the assets have been transferred; or when the assets have been written off because there is no reasonable expectation of recovering them. During the year we have not derecognised any loans and receivables.

1.9 Investment in Equities

Investments in entities that are not classified to central government are financial instruments within the scope of IFRS 9. They are all classified as equity instruments held at fair value through other comprehensive net expenditure (IFRS 9) and available-for-sale financial assets (IAS 39).

As all financial assets previously categorised as available-for-sale financial assets have been re-categorised as equity instruments held at fair value through other comprehensive net expenditure. Measurement at fair value may require the use of accounting estimates and so may give rise to estimation uncertainty. In valuing instruments for which there is no active market, we have used estimation techniques which reflect, so far as practicable, those that would be used by market participants, making maximum use of observable inputs.

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

1.10 Trade and Other Payables

These are financial liabilities other than those classified as held at fair value through Net Operating Expenditure and those classified as financial guarantee contracts.

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

1.11 Private Finance Transactions (PFI/PPP/NPD)

Private finance transactions that meet the definition of service concession arrangements are accounted for in accordance with IPSAS 32. We have five such arrangements, three PFI schemes and two Non Profit Distributing (NPD) schemes (see Note 16 for more details). The private sector operator is contractually obliged to provide the services related to the infrastructure that they construct, which is recognised as a non-current asset. The unitary charge payments comprise service charges, repayment of capital and interest and are accounted for as such.

1.12 Leases

At their inception, leases are classified as operating or finance leases, based on the allocation of the risks and rewards of ownership of the underlying assets. Land and buildings elements are separately accounted for where applicable. 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. Where the arrangement includes incentives, such as rent-free periods, the value is recognised 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.

The treatment of Leases will be impacted in future years by the applicability, from 2022-23, of IFRS 16.

1.13 Provisions

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

1.14 Other Infrastructure Expenditure

Other infrastructure expenditure is differentiated between capital and resource for budgeting purposes. However only the expenditure that is capital in nature that relates to assets reflected in these accounts is capitalised with that which relates to assets reflected by external bodies charged as expenditure. Such expenditure includes Network Rail grant, Fixed Track Access and Regulated Asset Base charges.

1.15 Operating Income

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

1.16 Administration and Programme Expenditure

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

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1.17 Grants Payable

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

1.18 Pensions

Past and present employees are mainly covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme or Alpha Scheme, more details of which can be found in Note 2. The PCSPS is an unfunded multi-employer defined benefit scheme. Transport Scotland's contributions are recognised as a cost in the year. The Alpha Scheme provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

1.19 Contingent Liabilities

Contingent Liabilities are disclosed in respect of:

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

1.20 VAT

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

1.21 Segmental Reporting

Segmental reporting identifies components of expenditure that are regularly reviewed by the Senior Management Team in order to manage financial performance.

1.22 Employee Benefits

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

1.23 Critical Accounting Estimates

Critical accounting estimates are used in the calculation of the valuations for the road network, for the recognition and valuation of provisions, for the outstanding claims under the Concessionary Travel Scheme and for the valuation of assets and liabilities under Private Finance arrangements. These are detailed in the section on Significant Accounting Policies contained within the Performance Report.

There is a possibility that the valuation of land, including the element that forms part of the trunk road valuation, may have varied as a result of the impact of COVID-19 but it is not possible to apply any estimates to that, as it is likely to vary in relation to the location of the land.

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2. Staff Numbers and Costs

The costs of staff employed on the design, procurement and management of capital projects undertaken by Transport Scotland have been charged to capital expenditure in respect of the projects identified in the year. These have been identified in the table overleaf along with prior year figures to reflect costs similarly capitalised in that year. These costs are included with the project costs in Note 4. The cost of early retirements in the adjacent table, include the costs in year and also continuing payments in relation to previous years packages.

Staff costs comprise:

	2020-21 Permanently Employed Staff £000's	Others £000's	Total £000's	2019-20 Permanently Employed Staff £000's	Others £000's	Total £000's
Administration:						
Wages and salaries costs	10,417	1,079	11,496	8,486	556	9,042
Social security costs	990	0	990	860	0	860
Other pension costs	2,511	0	2,511	2,154	0	2,154
Early retirement costs	12	0	12	26	0	26
	13,930	1,079	15,009	11,526	556	12,083
Programme:						
Wages and salaries costs	8,411	1,031	9,442	7,888	720	8,608
Social security costs	995	0	995	893	0	893
Other pension costs	2,303	0	2,303	2,132	0	2,132
	11,709	1,031	12,740	10,913	720	11,633
Total staff costs to be charged to Comprehensive Net Expenditure	25,639	2,110	27,749	22,439	1,276	23,715

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Permanent employed 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 allowances to the extent that it is subject to UK taxation. The payment of legitimate expenses is not part of salary.

Staff costs comprise:

	2020-21 Permanently Employed Staff £000's	Others £000's	Total £000's	2019-20 Permanently Employed Staff £000's	Others £000's	Total £000's
Capitalised Programme:						
Wages and salaries costs	2,721	46	2,767	2,971	59	3,030
Social security costs	265	0	265	261	0	261
Other pension costs	666	0	666	658	0	658
Total staff costs charged to capital expenditure	3,652	46	3,698	3,891	59	3,949
Total Staff Costs						
	29,291	2,156	31,447	26,330	1,335	27,665

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Pension Costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme and as a result Transport Scotland is unable to identify its share of the underlying liabilities. The scheme is therefore accounted for as a defined contribution scheme. The scheme Actuary valued the scheme liabilities at 31 March 2021. Details can be found in the resource accounts of the Cabinet Office at www.civilservicepensionscheme.org.uk.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In **nuvos** a member builds up a pension based on 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. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

New career average pension arrangements were introduced on 1 April 2015 and the majority of Classic, Premium, Classic Plus and Nuvos members joined the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha>

For 2020-21, employers' contributions of £5,480k (2019-20, £4,944k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Average numbers of persons employed

	2020-21 Permanent Staff	Others	Total	2019-20 Permanent Staff	Others	Total
Aviation, Maritime, Freight & Canals	41	1	42	34	1	35
Bus, Accessibility and Active Travel	56	6	62	63	3	66
Finance and Other (CEO)	53	4	57	52	2	54
Low Carbon Economy	21	1	22	19	7	26
Major Projects	58	11	69	63	6	69
Rail	68	4	72	70	2	72
Roads	106	15	121	97	7	104
Transport Strategy & Analysis	56	6	62	52	2	54
Total average staff numbers	459	48	507	450	30	479

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

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3. Other Administration Costs

	Note	2020-21 £000's	2019-20 £000's
Rentals under operating leases		1,093	1,052
Accommodation		1,120	1,286
Office costs and supplies		1,598	1,475
Hospitality		0	46
Travel		101	484
Training		55	93
Consultancy		121	154
Non-cash items			
Depreciation	6/7	738	753
Auditors' remuneration and expenses – external	22	186	182
Total administration costs		5,013	5,526

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4. Programme Costs

Other programme expenditure	Note	2020-21 £000's	2019-20 £000's
Roads			
Capital maintenance		164,863	184,372
Current maintenance		122,322	123,882
PFI interest charges		71,875	65,816
PFI service charges		58,164	55,674
Rail			
Franchise*		937,267	476,934
Rail infrastructure in Scotland**		467,919	353,706
Other		1,674	1,353
Concessionary travel			
Smartcard applications		3,910	3,767
Concessionary travel schemes		223,013	218,705
Other public transport			
Major public transport projects - rail***		176,174	161,937
Transport information		452	769
Ferry services in Scotland		268,439	221,539
Air services in Scotland		74,128	59,239
Bus services in Scotland		174,656	52,210
Other transport directorate programmes		139,096	95,329
Low Carbon and Active Travel		89,612	44,877
Central Government grants to Local Authorities		49,069	42,138
Non-cash items			
Depreciation	6/7	39,619	99,387
Total other programme costs		3,062,252	2,261,632

* Payments to Abellio (£603m including Fixed Track Access Charges of £282m) and Serco (£52m) totalled £937m.

** The Rail Infrastructure in Scotland Capital Figure of £467m was paid directly to Network Rail.

*** Enhancement grant of £164M was paid directly to network rail and is disclosed in the "Major public transport projects rail" line.

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5. Operating income

Operating income principally arises from:

- interest receivable from loans to Caledonian Maritime Assets Limited (CMAL);
- rental income from land and properties acquired for road schemes and now surplus to requirements;
- sale of land and property which is surplus to the requirements of the road or rail scheme; and
- ESF funding

	2020-21 £000's	2019-20 £000's
Programme income		
Interest receivable - loans	(8,355)	(6,571)
Rental income - land & properties	(9)	(9)
Other income	(71)	(77)
European Structural Fund (ESF) income	(1,105)	(1,989)
Ports income	(8)	0
Dividends	(5,000)	0
Profit on disposal of land	(318)	(578)
Total operating income	(14,866)	(9,223)

6. Property, Plant and Equipment

Detrunckings reflect the transfer of road assets to Local Authority control, with the corresponding entry flowing through the General Fund (SoCTE). These are zero in 2020-21. Transfers and reclassifications include roads and associated land and buildings, which have transferred from Local Authority control as a result of the trunking of those particular sections of the road network.

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

Revaluation is based on Baxter's indexation for all road network assets with the exception of land. Land is valued at market rates based on information supplied by the Valuation Office Agency. All revaluation movement is reflected through the revaluation reserve (SoCTE).

2020-21	Road Network £000's	Land £000's	Buildings £000's	Transport £000's	IT £000's	Leasehold Improvements £000's	Assets under Construction £000's	Total £000's
Cost or Valuation								
At 1st April 2020	25,296,796	6,566	10,887	84	4,609	1,507	467,645	25,788,095
Detrunckings	0	0	0	0	0	0	0	0
Additions	13,082	0	0	0	0	0	123,951	137,033
Disposals	0	0	0	0	0	0	0	0
Revaluation	(61,578)	90	149	0	0	0	0	(61,339)
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(85,888)	0	0	0	0	0	0	(85,888)
Transfers and reclassifications	39,795	0	0	0	0	0	(39,795)	(0)
Transfers (to)/from assets held for sale	0	0	0	0	0	0	0	0
Balance at 31st March 2021	25,202,207	6,656	11,036	84	4,609	1,507	551,801	25,777,901
Depreciation								
At 1st April 2020	4,445,275	0	3,520	40	4,608	1,480	0	4,454,923
Detrunckings	0	0	0	0	0	0	0	0
Charge for the year	39,613	0	640	15	2	26	0	40,296
Disposals	0	0	0	0	0	0	0	0
Revaluation	(29,259)	0	56	0	0	0	0	(29,203)
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	(10,301)	0	0	0	0	0	0	(10,301)
Transfers and reclassifications	0	0	0	0	0	0	0	0
Balance at 31st March 2021	4,445,328	0	4,216	55	4,610	1,506	0	4,455,715
Net Book Value at 31st March 2021	20,756,879	6,656	6,820	29	(1)	1	551,801	21,322,186
Net Book Value at 31st March 2020	20,851,521	6,566	7,367	44	1	27	467,645	21,333,172
Asset Financing								
Owned	17,819,651	6,656	6,840	29	0	0	551,801	18,384,979
Finance Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	2,937,228	0	0	0	0	0	0	2,937,228
Donated	0	0	(20)	0	0	0	0	(20)
Net Book Value at 31st March 2021	20,756,879	6,656	6,820	29	0	0	551,801	21,322,187

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6. Property, Plant and Equipment cont'd...

2019-20	Road Network £000's	Land £000's	Buildings £000's	Transport £000's	IT £000's	Leasehold Improvements £000's	Assets under Construction £000's	Total £000's
Cost or Valuation								
At 1st April 2019	24,893,650	7,788	12,157	104	4,609	1,507	789,649	25,709,464
Detrunings	(268,098)	0	0	0	0	0	0	(268,098)
Additions	7,866	0	0	0	0	0	157,954	165,820
Disposals	0	(1,449)	0	(20)	0	0	0	(1,469)
Revaluation	96,821	302	(1,270)	0	0	0	0	95,854
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	86,491	0	0	0	0	0	0	86,491
Transfers and reclassifications	480,065	0	0	0	0	0	(479,958)	108
Transfers (to) / from assets held for sale	0	(75)	0	0	0	0	0	(75)
Balances at 31st March 2020	25,296,796	6,566	10,887	84	4,609	1,507	467,645	25,788,095
Depreciation								
At 1st April 2019	4,349,418	0	4,269	45	4,606	1,454	0	4,359,792
Detrunings	(32,844)	0	0	0	0	0	0	(32,844)
Charge for the year	99,361	0	628	15	2	26	0	100,031
Disposals	0	0	0	(20)	0	0	0	(20)
Revaluation	18,343	0	(1,376)	0	0	0	0	16,966
Current valuation adjustments	0	0	0	0	0	0	0	0
Historic valuation adjustments	10,998	0	0	0	0	0	0	10,998
Transfers and reclassifications	0	0	0	0	0	0	0	0
Balances at 31st March 2020	4,445,275	0	3,520	40	4,608	1,480	0	4,454,923
Net Book Value at 31st March 2020	20,851,521	6,566	7,367	44	1	27	467,645	21,333,172
Net Book Value at 31st March 2019	20,544,232	7,788	7,888	59	3	53	789,649	21,349,672
Asset Financing								
Owned	17,867,157	6,566	7,285	44	1	0	467,645	18,348,699
Finance Leased	0	0	0	0	0	0	0	0
On Balance Sheet PFI	2,984,364	0	0	0	0	0	0	2,984,364
Donated	0	0	82	0	0	27	0	109
Net Book Value at 31st March 2020	20,851,521	6,566	7,367	44	1	27	467,645	21,333,172

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7. Intangible Assets

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

	2020-21 £000's	2019-20 £000's
At replacement cost or valuation		
At 1 April	554	554
Additions	0	0
Disposals	0	0
Balance at 31 March	554	554
Accumulated amortisation		
At 1 April	548	522
Charge for the year	6	26
Revaluations	0	0
Disposals	0	0
Balance at 31 March	554	548
Net Book Value at 31 March	0	6

8. Assets Classified as Held for Sale

There were no assets presented for sale by Transport Scotland in 2020-21 (2019-20: three). Assets classified as held for sale are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their fair value less costs to sell. Assets held for sale are not subject to depreciation or amortisation.

	2020-21 £000's	2019-20 £000's
Balance at 1 April	0	0
Transfers to non-current assets	0	0
Transfers from non-current assets	0	75
Disposals	0	(77)
Change arising on revaluation	0	2
Balance at 31 March	0	0

9. Financial Assets

Investments in entities that are not classified to central government are financial instruments within the scope of IFRS 9. (See Note 1.9).

As at 31 March Scottish Ministers, represented by Transport Scotland, are the sole shareholder in Caledonian Maritime Assets Ltd, David MacBrayne Ltd, Highlands and Islands Airports Ltd and TS Prestwick HoldCo Ltd. Scottish Ministers hold the following share investments:

Caledonian Maritime Assets Ltd	1,500,000 ordinary shares of £10 each
David MacBrayne Ltd	5,500,002 ordinary shares of £1 each
Highlands and Islands Airports Ltd	50,000 ordinary shares of £1 each
TS Prestwick Holdco Ltd	1 ordinary 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 all publish an annual report and accounts. The net assets and results of the above bodies are summarised on page 120.

2020-21	Interests in Nationalised Industries & Limited Companies £000's	Voted Loans £000's	Other Funds £000's	Total £000's
Balance at 1st April 2020	20,550	222,735	84,126	327,411
Add element reported within current assets	0	8,772	1,569	10,341
Advances and repayments				
Cash advances	0	1,760	36,000	37,760
Transfers	0	(86,978)	0	(86,978)
Repayments	0	(8,377)	(433)	(8,810)
Less				
Impairments/ Write-offs	0	0	(1,374)	(1,374)
Balance at 31st March 2021	20,550	137,912	119,888	278,350
Loans repayable within 12 months transferred to current assets	0	(8,801)	(1,569)	(10,370)
Balance at 31st March 2021	20,550	129,111	118,319	267,980
2019-20				
Balance at 1st April 2019	20,550	194,090	45,420	260,060
Add element reported within current assets	0	7,672	585	8,257
Advances and repayments				
Cash advances	0	37,957	45,166	83,123
Repayments	0	(8,212)	(1,173)	(9,385)
Less				
Impairments/ Write-offs	0	0	(4,303)	(4,303)
Balance at 31 March 2020	20,550	231,507	85,695	337,752
Loans repayable within 12 months transferred to current assets	0	(8,772)	(1,569)	(10,341)
Balance at 31 March 2020	20,550	222,735	84,126	327,411

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	TS Prestwick HoldCo Ltd £m	Highlands & Islands Airports Ltd £m	Caledonian Maritime Assets Ltd £m	David MacBrayne Ltd £m
Net assets / (liabilities) as at 31 March	(29.5)	(61.8)	107.5	29.9
Turnover	18.8	9.0	35.5	199.8
Profit / (loss) for the financial year	(0.6)	(1.2)	(2.0)	(1.3)

All results are draft and subject to audit with final accounts yet to be published.

Highlands and Islands Airports Limited (HIAL)

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

Caledonian Maritime Assets Limited (CMAL)

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

David MacBrayne Limited

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

TS Prestwick HoldCo Limited

Scottish Ministers are the sole shareholder in TS Prestwick Holdco Ltd, which became the holding company of Glasgow Prestwick Airport in 2013 purchased through Transport Scotland. Transport Scotland advanced loan funding to the Group to cover the cash deficit arising from its operating deficit and capital expenditure.

Voted Loans

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

Other Funds

These represent loans that Transport Scotland provide to Prestwick Airport as noted above, and to the Energy Savings Trust to fund energy efficient transport initiatives.

In respect of IFRS 12, it should be noted that both HIAL and David MacBrayne are classed as Non Departmental Public Bodies (NDPB's), and are treated in accordance with the HM Treasury Consolidated Budgeting guidance which can be found at <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2020-to-2021>

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

Transport Scotland is also the sole sponsor of British Waterways and provides funding to subsidise its residual operation as Scottish Canals. British Waterways is a statutory body and is classed as an NDPB and as such is also treated in accordance with the HM Treasury Consolidated Budgeting guidance.

CMAL and Prestwick Airport are classed as Public Corporations.

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10. Trade receivables and other assets

10a Analysis by classification	As at 31/03/21 £000's	As at 31/03/20 £000's
Amounts falling due within one year: Trade and other receivables		
Trade and other receivables	54	60
Damage claims	1,761	1,063
Prepayments and accrued income	141,737	50,687
	143,552	51,810
Amounts falling due after more than one year:		
Prepayments and other receivables	50,000	52,552
	50,000	52,552
10b Intra-Government balances	As at 31/03/21 £000's	As at 31/03/20 £000's
Amounts falling due within one year: Intra-Government balances		
Other Central Government bodies	565	10,201
Local Authorities	23	104
Public corporations and trading funds	(0)	0
	588	10,305
Balances with bodies external to Government	142,964	41,505
Total receivables	143,552	51,810
Amounts falling due after more than one year: Intra-Government balances		
Other Central Government bodies	0	0
Local Authorities	0	0
Public corporations and trading funds	0	0
	0	0
Balances with bodies external to Government	50,000	52,552
Total receivables	50,000	52,552

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10. Trade receivables and other assets cont'd...

Loans, trade receivables and accrued income are accounted for in accordance with IFRS 9 (See Note 1.8). Trade receivables are shown net of a provision for impairment as follows:

	As at 31/03/21 £'000	As at 31/03/20 £'000
At 1 April	0	0
Charge for the year	0	0
Unused amount released	0	0
Utilised during the year	0	0
At 31 March	0	0

11. Trade payables and other liabilities

Trade Payables and Other Liabilities are accounted for in accordance with IFRS 9, (See Note 1.10).

11a Analysis by classification	As at 31/03/21 £000's	As at 31/03/20 £000's
Amounts falling due within one year: Trade and other payables		
Trade payables	22,939	1,201
Accruals	146,524	141,890
Other payables	82,314	50,706
Financial liabilities – PFI	35,593	36,439
Deferred income	83	83
	287,453	230,319
Amounts falling due after more than one year:		
Other payables	292	390
Financial liabilities – PFI	1,112,002	1,147,595
	1,112,294	1,147,985

11. Trade payables and other liabilities cont'd...

11b Intra-Government balances	As at 31/03/21 £000's	As at 31/03/20 £000's
Amounts falling due within one year: Intra-Government balances		
Other Central Government bodies	5,159	5,885
Local Authorities & Health Boards	40,667	44,468
Public corporations and trading funds	37,698	13,642
	83,524	63,995
Balances with bodies external to Government	203,929	166,324
Total payables	287,453	230,319
Amounts falling due after more than one year: Intra-Government balances		
Other Central Government bodies	0	0
Local Authorities & Health Boards	0	0
Public corporations and trading funds	0	0
	0	0
Balances with bodies external to Government	1,112,294	1,147,985
Total payables	1,112,294	1,147,985

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12. Provisions for Liabilities and Charges

Land and Property Acquisition

Land and property acquisition provision relates primarily to the estimates made of the likely compensation payable in respect of planning blight, discretionary and compulsory acquisition of property from property owners arising from physical construction of a road or rail scheme. When land is acquired by compulsory purchase, it is often not known when compensation settlements will be made. A provision for the estimated total cost of land acquired is created when it is expected that a General Vesting Declaration 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 on projects that have not yet been fully settled.

12a Provisions for liabilities and charges 2020-21	Land and Property Acquisition £000's	Major Projects £000's	Other £000's	Total £000's
Balance as at 1st April 2020	40,985	0	5,438	46,423
Provided in year	0	0	15	15
Provisions not required written back	(10,909)	0	(2,370)	(13,279)
Provisions utilised in year	(4,285)	0	(33)	(4,318)
Discount amortised	703	0	1	704
Balance as at 31st March 2021	26,494	0	3,051	29,545
2019-20				
Balance as at 1st April 2019	61,616	1,922	5,469	69,007
Provided in year	0	0	38	38
Provisions not required written back	(19,954)	0	0	(19,954)
Provisions utilised in year	(878)	(1,922)	(69)	(2,869)
Discount amortised	201	0	0	201
Balance as at 31st March 2020	40,985	0	5,438	46,423

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12. Provisions for Liabilities and Charges cont'd...

Other

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

Provisions for liabilities and charges are accounted for in accordance with IAS 37 (See Note 1.13).

12b Analysis of expected timing of discounted flows	Land and Property Acquisition £000's	Major Projects £000's	Other £000's	Total £000's
In the remainder of the period to 2022	14,400	0	3,028	17,428
Between 2023 and 2026	12,095	0	23	12,118
Between 2026 and 2031	0	0	0	0
Thereafter	0	0	0	0
Balance as at 31st March 2021	26,495	0	3,051	29,546
In the remainder of the period to 2021	21,379	0	5,413	26,792
Between 2022 and 2025	19,606	0	25	19,631
Between 2026 and 2030	0	0	0	0
Thereafter	0	0	0	0
Balance as at 31st March 2020	40,985	0	5,438	46,423

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13. Movement on Working Capital Balances

	Note	As at 31/03/21 £000's	As at 31/03/20 £000's	2020-21 Net Movement £000's	2019-20 Net Movement £000's
Receivables					
Due within one year	8/10	143,552	51,810	(91,742)	(12,116)
Due after more than one year	10	50,000	52,552	2,552	4,813
Net (increase) / decrease		193,552	104,362	(89,190)	(7,303)
Payables					
Due within one year	11	287,453	230,319	57,134	5,623
Due after more than one year	11	1,112,294	1,147,985	(35,691)	(53,554)
		1,399,747	1,378,304	21,443	(47,931)
Less: Lease and PFI creditors included in above	11	1,147,595	1,184,034	(36,439)	(48,978)
Less: Capital accruals included in the above		79,297	48,942	30,355	(10,584)
Net increase / (decrease)		172,855	145,328	27,527	11,631
Provisions	12	29,545	46,423	(16,878)	(22,585)
Net increase / (decrease)		29,545	46,423	(16,878)	(22,585)
Net movement increase / (decrease)		395,952	296,113	99,839	(3,651)

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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 31/03/21 £000's	As at 31/03/20 £000's
Property, plant and equipment	860,039	4,328,800
Total contracted capital commitments for which no provision has been made	860,039	4,328,800

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 adjacent table, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:	As at 31/03/21 £000's	As at 31/03/20 £000's
Land & buildings		
Due within 1 year	1,290	1,290
Due after 1 year but not more than 5 years	0	0
Commitments thereafter	0	0
	1,290	1,290

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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 (A74M) - the contract covers the design, construction and financing of 28.3km of new motorway, as well as the operation and maintenance of 90km of existing motorway. Payments are made under a shadow toll regime. The toll period began in July 1997 and expires in July 2027.
- 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 motorway and 9km local road to the A726 trunk road. Payments are made under a shadow toll regime. The toll period began in April 2005 and expires in April 2035.

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

Under IPSAS 32, the substance of these PFI contracts is that of a finance lease, with the asset being recognised. Payments under PFI contracts comprise two elements; imputed finance lease charges and services charges.

We also have the following design, build, finance and maintenance contracts.

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

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

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16. Commitments under PFI Contracts cont'd...

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

Imputed finance lease obligations under PFI contracts comprise:	As at 31/03/21 £000's	As at 31/03/20 £000's	As at 31/03/19 £000's
Rentals due within 1 year	113,642	62,055	40,407
Rentals due within 2 to 5 years	461,565	247,497	161,627
Rentals due thereafter	1,676,246	1,153,274	1,336,392
	2,251,453	1,462,826	1,538,426
Less: Interest element (finance cost)	(1,103,858)	(278,792)	(305,414)
Total capital cost	1,147,595	1,184,034	1,233,012

Imputed service charge obligations under PFI contracts comprise:	As at 31/03/21 £000's	As at 31/03/20 £000's	As at 31/03/19 £000's
Service charge due within 1 year	57,333	40,652	44,074
Service charge due within 2 to 5 years	136,521	89,854	114,525
Service charge due thereafter	1,132,189	263,756	279,737
Total service charge	1,326,043	394,262	438,336

17. Other Financial Commitments - Rail

Our responsibility for rail includes setting strategic outcomes for Network Rail in relation to the Operation, Maintenance, Renewal (OMR) and Enhancement of the rail infrastructure in Scotland, as well as the services to be delivered through the rail franchises we are responsible for, agreeing the projected expenditure and securing the funding required to support this.

Network Rail outputs and associated funding for Control Period 6 (CP6) from 1 April 2019 to 31 March 2024 was determined by the Office of Rail Regulation (ORR). Transport Scotland managed Network Rail delivery and funding of specified outputs on the Scottish rail network under a Memorandum of Understanding agreed with the UK Government following reclassification with regulatory oversight from the ORR. The funding for these activities is payable directly to Network Rail by Transport Scotland under the terms of a Network Grant. The major projects specified by Scottish Ministers for Network Rail to undertake are determined by Transport Scotland. The funding for these activities is payable directly to Network Rail by Transport Scotland under the terms of an Enhancement Grant.

The Determination for the current control period, CP6 includes the funding reflected below. The overall funding available for Network Rail in the control period, including Enhancement Grant, was published in the Statement of Funds Available.

Transport Scotland also funds both of the rail franchises which operate in Scotland. These are Abellio ScotRail and Serco Caledonian Sleeper Limited. The total amount charged to the Statement of Comprehensive Net Expenditure reflects the grants paid to Network Rail for OMR and enhancements and payments for Abellio ScotRail and Serco Caledonian Sleeper franchise obligations. This is summarised below:

	2020-21 £000's	2019-20 £000's
Network Rail OMR	467,919	353,706
Network Rail Enhancement Grant	163,655	132,655
Abellio ScotRail	885,422	463,681
Serco Caledonian Sleeper Limited	51,845	13,253
Total	1,568,841	963,295

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17. Other Financial Commitments - Rail cont'd...

The previous figures on page 131 include costs and savings identified in relation to COVID-19 measures to support stakeholders and bodies providing services for Transport Scotland. Additional funding totalling £421 million (as referred to within Financial Performance and use of resources) was made available for this purpose.

Amounts due under these contracts analysed between those periods where the commitment falls are presented in the adjacent table. Note that the figures reflects the cessation of the Abellio ScotRail franchise from 31 March 2022.

	Network Rail OMR and Enhancements £000's	Abellio ScotRail £000's	Serco Caledonian Sleeper Limited £000's	Total £000's
Expiry within 0-12 months	671,000	792,038	26,673	1,489,711
Expiry within 1 to 2 years	739,000	0	29,176	768,176
Expiry within 2 to 5 years	2,146,000	0	82,274	2,228,274
Total	3,556,000	792,038	138,123	4,486,161

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18. Financial Instruments

18a Financial Instruments by Category

18a Financial Instruments by Category 2020-21 Assets per Statement of Financial Position	Note	Total Financial Assets at Amortised Cost £000's	Total £000's
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable		324,079	324,079
Balance as at 31st March 2021		324,079	324,079

Liabilities per Statement of Financial Position	Note	Other Financial Liabilities £000's	Total £000's
PFI liabilities	16	1,147,595	1,147,595
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)		251,880	251,880
Balance as at 31st March 2021		1,399,475	1,399,475

18a Financial Instruments by Category 2019-20 Assets per Statement of Financial Position	Note	Total Loans & Receivables £000's	Total £000's
Trade and other receivables excluding prepayments, reimbursement of provisions and VAT recoverable		369,162	369,162
Balance as at 31st March 2020		369,162	369,162

Liabilities per Statement of Financial Position	Note	Other Financial Liabilities £000's	Total £000's
PFI liabilities	16	1,184,034	1,184,034
Trade and other payables excluding statutory liabilities (VAT, income tax and social security)		194,270	194,270
Balance as at 31st March 2020		1,378,304	1,378,304

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18. Financial Instruments

18b Financial Risk Factors

Exposure to Risk

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

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

Cash Flow and Fair Value Interest Rate Risk

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

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

2020-21	Carrying value £000's	0-12 months £000's	1-2 years £000's	3-5 years £000's	5-10 years £000's	>10 years £000's
Non-derivative liabilities	1,147,595	35,593	38,419	125,878	207,626	740,079
Derivative liabilities	0	0	0	0	0	0
Total financial liabilities	1,147,595	35,593	38,419	125,878	207,626	740,079

2019-20	Carrying value £000's	0-12 months £000's	1-2 years £000's	3-5 years £000's	5-10 years £000's	>10 years £000's
Non-derivative liabilities	1,184,034	36,439	35,593	121,110	203,706	787,186
Derivative liabilities	0	0	0	0	0	0
Total financial liabilities	1,184,034	36,439	35,593	121,110	203,706	787,186

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19. Contingent Liabilities

19a Contingent Liabilities disclosed under IAS37

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

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

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

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

- Operating agreements (ScotRail and Caledonian Sleeper Rail Franchise Agreements) with indemnities to Abellio ScotRail Ltd and Serco Caledonian Sleeper Ltd commencing 1 April 2015;
- Indemnity clauses in roads contracts to compensate Network Rail for any damage or loss of access;
- Liability agreement for any issues caused by the Glasgow Airport Rail Link (GARL) ground investigation work over the next year.

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;
- Commitment towards the continued funding of the pension obligations of Abellio ScotRail Ltd and Serco Caledonian Sleeper Ltd through the Franchise Agreements.

iii. Other contingent liabilities held by Transport Scotland:

- Monklands Canal - maintenance of pipes under trunk roads.
- There is a contingent liability in respect of any further payment required to the Lothian Pension Fund in respect of employees transferred from the Forth Estuary Transport Authority (in excess of the agreed settlement amount for the value of the cessation deficit if it subsequently exceeds the prudent basis on which it was calculated). This is considered to be a remote possibility due to the assumptions made in the calculation of the deficit payment. This was calculated on a deliberately prudent basis to mitigate the risk of any requirement for a future additional payment. There is therefore a contingent liability in respect of any further payment required. It is however, not possible to predict what any subsequent valuation of the pension deficit will be to inform any further contribution required by Transport Scotland.

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19. Contingent Liabilities cont'd...

- Transport Scotland has received a claim in respect of delays to construction of a car park extension at Central Car Auctions (CCA) in Baillieston. It is claimed delays were caused by water percolation from the adjacent Monklands Canal that Transport Scotland is responsible for maintaining. CCA have raised a Lands Tribunal Case that we are currently defending, whilst we are continuing to challenge their loss & expense and nuisance claims.
- Transport Scotland has received a claim in respect of an accident on the trunk road network, which it intends to challenge.
- Under the terms of the Clyde and Hebrides Ferry Services contract, Scottish Ministers are responsible for any increased pension costs due under the Calmac Pension Scheme. During 2020-21, Transport Scotland made an additional capital payment of £29.5 million to reduce the level of a historic deficit which has accumulated in the scheme, and to reduce the impact on resource budgets until the next tri-ennial review is carried out in April 2024. Whilst this payment addresses some of the more immediate concerns, without further action being taken to restructure the pension scheme, it is inevitable that further deficits will emerge in future years. It is however not possible to predict with any certainty the value of any such future deficits.

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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 Ltd, Caledonian Maritime Assets Ltd, TS Prestwick HoldCo Ltd and Highlands and Islands Airports Ltd are wholly owned subsidiaries in the name of the Scottish Ministers, with whom Transport Scotland also had various material transactions during the year. In addition Transport Scotland also set up SOLR1 (now registered as ScotRail Trains Limited), SOLR2 and SOLR Holdings (now registered as Scottish Rail Holdings Limited) as companies wholly owned by the Scottish Ministers under the statutory Operator of Last Resort arrangements. For the forthcoming operation of ScotRail train services from April 2022, two of the companies are being mobilised, Scottish Rail Holdings Limited (SOLR Holdings) and ScotRail Trains Limited (SOLR1). SOLR2 will remain dormant and is a contingency for the Serco Caledonian Sleeper Rail Franchise.

Two of the directors of Transport Scotland, Bill Reeve and Lee Shedden, were nominated as directors of these companies during this preparatory period but Transport Scotland has not yet had any material transactions with these companies. Transport Scotland also sponsors British Waterways Scotland, trading as Scottish Canals, under a framework agreement.

Loans were advanced to and repaid by CMAL to fund vessel construction, and to HIAL to support airports infrastructure. Grants were paid to HIAL to subsidise its operating and capital expenditure and also to CMAL to fund agreed pier and harbour infrastructure projects. David MacBrayne Ltd is the parent company of Calmac Ferries Ltd and Argyll Ferries Ltd who operated ferry services under contracts with Transport Scotland, and which Transport Scotland supported via the payment of subsidies. TS Prestwick Holdco Limited is the parent company of the group who own and operate Glasgow Prestwick Airport. Transport Scotland has previously provided loan funding to the Group to cover the cash deficit arising from its operating deficit and capital expenditure, however there was no additional support provided by Transport Scotland in the current financial year.

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

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

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

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21. Segmental Reporting

21a Business Segments - Statement of Comprehensive Net Expenditure

2020-21 Total continuing segments	Resource £000's	Net Investment £000's	Income £000's	Non Cash £000's	AME £000's	ODEL £000's	Total £000's
Roads	120,958	171,561	(398)	39,612	0	130,039	461,772
Rail	659,897	926,093	0	0	0	0	1,585,990
Concessionary travel & bus services	400,610	2,537	(397)	6	0	0	402,756
Other public transport	23,506	0	0	738	0	0	24,244
Ferry services in Scotland	198,481	70,512	(12,134)	0	0	0	256,859
Air services in Scotland	49,976	24,152	(1,229)	0	0	0	72,899
Other transport directorate programmes	56,284	81,371	(708)	0	0	0	136,947
Scottish Futures Fund	0	89,612	0	0	0	0	89,612
Grants to Local Authorities	0	49,069	0	0	0	0	49,069
	1,509,712	1,414,907	(14,866)	40,356	0	130,039	3,080,148

2019-20 Total continuing segments	Resource £000's	Net Investment £000's	Income £000's	Non Cash £000's	AME £000's	ODEL £000's	Total £000's
Roads	111,895	201,299	(663)	99,361	0	121,490	533,382
Rail	184,091	812,643	0	0	0	0	996,734
Concessionary travel & bus services	274,317	1,869	(523)	26	0	0	275,689
Other public transport	19,270	0	0	753	0	0	20,023
Ferry services in Scotland	178,122	43,778	(6,571)	0	0	0	215,329
Air services in Scotland	46,673	12,568	0	0	0	0	59,241
Other transport directorate programmes	34,790	60,914	(1,466)	0	0	0	94,238
Scottish Futures Fund	0	44,876	0	0	0	0	44,876
Grants to Local Authorities	0	42,138	0	0	0	0	42,138
	849,158	1,220,085	(9,223)	100,140	0	121,490	2,281,650

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21. Segmental Reporting

21b Business Segments - Capital Expenditure

2020-21 Total continuing segments	Trunk Road Maintenance £000's	Capital Projects £000's	Other Assets £000's	Voted Loans £000's	Total Capital Expenditure £000's
Roads	13,082	123,951	0	0	137,033
Rail	0	0	0	0	0
Other public transport	0	0	0	0	0
Ferry, aviation and other services in Scotland	0	0	0	28,950	28,950
	13,082	123,951	0	28,950	165,983

2019-20 Total continuing segments	Trunk Road Maintenance £000's	Capital Projects £000's	Other Assets £000's	Voted Loans £000's	Total Capital Expenditure £000's
Roads	7,866	156,525	0	0	164,391
Rail	0	0	0	0	0
Other public transport	0	0	(97)	0	(97)
Ferry, aviation and other services in Scotland	0	0	0	73,738	73,738
	7,866	156,525	(97)	73,738	238,032

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22. Notional Charges

The following notional charges have been included in the accounts:

	Note	2020-21 £000's	2019-20 £000's
Auditors' remuneration	3	186	182
		186	182

23. Losses and Special Payments

The costs of damage to the trunk road network due to road accidents are charged to Transport Scotland as part of the road maintenance programme. These costs are recovered from the party responsible through their insurance company wherever possible, except where there has been a fatal injury. The costs are held in a debtor account until the recovery is successful. There is continuous review of the costs held in the debtor account and those deemed recoverable are identified. Irrecoverable costs no longer being pursued amounted to £0.037 million in respect of 3 cases and these have now been written off. No individual case exceeded £250,000.

	Number of cases	2020-21 £000's	2019-20 £000's
Total cash losses	3	37	151
Details of cases over £250,000	0	0	0
Including – claims abandoned	3	37	151
– active claims	0	0	0

24. Update on Prestwick Airport

Glasgow Prestwick Airport continues to explore opportunities to return the business to the private sector and a new notice was placed in the Official Journal of the European Union in November 2020 inviting expressions of interest. Discussions have taken place throughout 2020-21 and remain on-going.



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Glossary

Abbreviations / Acronyms used

Abbreviation	Detail
ABR / SBR	Autumn / Spring Budget Review
AWPR – B/T	Aberdeen Western Peripheral Route – Balmedie Tipperty
BPRDF	Bus Priority Rapid Development Fund
BSOG	Bus Services Operator Grant
CCPu	Climate Change Plan update
CHIFS	Clyde and Hebrides Ferry Services
CIHT	Chartered Institute of Highways and Transportation
CMAL	Caledonian Maritime Assets Ltd
CPS	Charge Place Scotland
CSG	COVID Support Grant
DEL	Departmental Expenditure Limit
Dft	Department for Transport
EMA	Emergency Measures Arrangements
ESP	Energy Skills Partnership
EST	Energy Savings Trust
FEL	Forth Environment Link
FReM	Financial Reporting Manual
HDV	Heavy Duty Vehicle
HIAL	Highlands and Island Airports Ltd
LEZ	Low Emission Zone

Abbreviation	Detail
MaaS	Mobility as a Service
MART	Multi Agency Response Team
NIFS	Northern Isles Ferry Services
NMC	Network Management Contract
NPF	National Performance Framework
NTS	National Transport Strategy
NWR	Network Rail
ODEL	Outside Departmental Expenditure Limit
PAG	Performance Audit Group
PCIP	Procurement and Commercial Improvement Programme
PfG	Programme for Government
PFI	Private Finance Initiative
PPP	Public Private Partnership
RAAVS	Roads Authority Asset Valuation System
SCCAP	Scottish Climate Change Action Plan
SCSP	Smarter Climate Smarter Places
SFP	Statement of Financial Position
SME	Small Medium Enterprises
SoCNE	Statement of Consolidated Net Expenditure
STEM	Science, Technology, Engineering & Mathematics

Abbreviation	Detail
STPR2	Strategic Transport Projects Review (2)
SULEB	Scottish Ultra Low Emission Bus Scheme
TSEP	Team Scotland Execution Plan
ULEV, EV	Ultra Low Emission Vehicles, Electric Vehicles
VFM	Value for Money
ZET	Zero Emission Train

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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 (FRM) 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

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