

# THE SCOTTISH ROAD WORKS COMMISSIONER

SCOTTISH ROAD WORKS COMMISSIONER

2019/20 ANNUAL REPORT AND ACCOUNTS

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SG/2020/139



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## PERFORMANCE REPORT

## OVERVIEW

This section provides information on the office of the Scottish Road Works Commissioner's principal activities, purpose and the risks to achieving objectives for the year ended 31 March 2020

## STATEMENT BY SCOTTISH ROAD WORKS COMMISSIONER (SRWC) – ANGUS CARMICHAEL

The Scottish Road Works Commissioner (the Commissioner) is an independent statutory office holder established under Section 16 of the Transport (Scotland) Act 2005 (the 2005 Act) and is accountable to the Scottish Ministers and ultimately the Scottish Parliament.

The Office of Scottish Road Works Commissioner (SRWC) was initially filled in 2007. I was appointed SRWC on 28 September 2015.

My key priorities remain broadly similar to previous years and include:

- Increasing the number of qualifying works registered by roads authorities
- Improving the quality of utility company reinstatements, and
- Reducing the noticing failure rate of both roads authorities and utility companies to 4%
- Reducing the misuse of “unplanned works” by utility companies

There were a total of 128,625 road works in Scotland in the year to 31 March 2020, a decrease of 1680 from the year to 31 March 2019 (130,305).

Utility company road works totalled 93,380 (2018/19 95,133) which represents 72.6% (2018/19 73%) of all road works undertaken.

Roads authority road works totalled 35,245 (2018/19 35,172) which represents 27.4% (2018/19 27%) of all road works undertaken.

Whilst the total number of road works registered has remained reasonably constant over recent years at around 130,000, the number of works registered by roads authorities has risen from 32,084 in 2014/15 to 35,245 in 2019/20, an increase of around 10%. This increase has taken place during a period of continued fiscal austerity, supporting my view that roads authorities have not been registering all of their qualifying works.

The performance of all organisations undertaking road works continued to be monitored on a quarterly basis during 2019/20 using data extracted from the Scottish Road Works Register and a quarterly performance dashboard issued to all organisations undertaking road works in Scotland.

Annual Road Works Performance Reviews covering the period 1 April 2018 to 31 March 2019 were issued to all roads authorities and utility companies operating in Scotland during September 2019. Performance data and analysis was specific to each organisation.

Sample Data:

## Noticing Failure Rates

Utility companies achieved 4.8% (2018/19 – 5.3%) and roads authorities 4% (2018/19 - 6%). It is encouraging that the overall noticing failure rates of both utility companies and roads authorities continued to fall, with roads authorities now achieving the expected target of 4%.

## Works Extensions

Utility companies performance improved slightly to 7% (2018/19 - 8%). Roads authorities improved significantly to 1% (2018/19 - 10%).

#### Over-Running Works

Utility companies remained static at 2% (2018/19 - 2%). Roads authorities again improved to 0.5% (2018/19 - 0.9%).

#### Commissioner Penalties

There were three Commissioner penalties issued during this reporting period totalling £18,000 (2018/19 - £nil)

#### Engagement with the Road Works Community

My office continued to engage with the road works community at various levels during 2019/20 attending quarterly RAUC(S) meetings, Area RAUC meetings, Local RAUC meetings and ad hoc meetings. Attendance at, and participation in, various technical working groups including the Scottish Road Works Policy and Development Group, the Scottish Road Research Board, the Scottish Pavement Forum and the Roads Collaboration Board.

Attendance was also maintained at quarterly Highway Authorities and Utilities Committee UK (HAUC(UK)) meetings. HAUC(UK) brings highway authorities, roads authorities, utility companies and governments together with the aim of encouraging works to be undertaken safely and smartly to reduce the impact of street works and road works on members of the public throughout the UK.

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## PURPOSE & MAIN ACTIVITIES

### HISTORY, STATUTORY POWERS AND RESPONSIBILITIES

The Commissioner works with the road works community to oversee improvements to the planning, co-ordination and quality of road works in Scotland.

In particular the Commissioner:

- Monitors the carrying out of road works in Scotland, undertaken by both Roads Authorities and Utility Companies. The performance of the Tay Road Bridge Joint Board and Edinburgh Trams is also scrutinized.
- Promotes compliance with the New Roads and Street Works Act 1991 (the 1991 Act) which sets out the general duties of road works authorities to co-ordinate works and for statutory undertakers to co-operate with road works authorities when undertaking works, and to
- Promotes the pursuit of good practice by those persons who have functions conferred on them or permissions granted to them by or under the 1991 Act.

The Commissioner has powers to request information from roads authorities and utility companies relevant to their respective functions and activities. The Commissioner also has powers to impose financial penalties when systematic failure of duties under the 1991 Act occurs by either roads authorities or utility companies.

The Commissioner undertakes a dispute resolution function when a dispute between a roads authority and a utility company is escalated.

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## KEY ISSUES AND RISKS AFFECTING THE ORGANISATION

### DEVELOPMENTS PLANNED IN 2020/21

- The Transport (Scotland) Act 2019 received royal assent in November 2019. It contains a number of provisions which will directly affect the work of the office. These provisions are expected to be commenced over the next two year period.
- In addition to other established priorities, during 2020/21, the office will continue to focus on:

- (i) Roads Authority noticing performance.
  - (ii) Utility company compaction of the unbound layers in their reinstatements to inform future road works policy.
  - (iii) Reducing the misuse of the unplanned works category by utility companies when notifying road works on the Scottish Road Works Register.
  - (iv) Supporting the commencement of provisions in the Transport (Scotland) Act 2019.
- Following the successful retendering of the Scottish Road Works Register provision during 2017/18, three associated mobile applications were designed and made available to organisations using the register during 2018/19. The office will focus on increasing the usage of the applications.
  - During 2020/21, the office will continue to work closely with the provider of the Scottish Road Works Register and the road works community on a significant upgrade to the register, which it is planned to take place in July 2020.
  - Scottish Government has asked the SRWC to lead a review of the Specification for the Reinstatement of Openings in Roads (SROR).

### MONITORING

The main sources of data available to the Scottish Road Works Commissioner's monitoring regime are:

- performance data from a suite of indicator reports in the Scottish Road Works Register
- statutory sample inspections of utility company road works by roads authorities, and
- biennial national coring programmes of the bound layers in utility company reinstatements.

The Scottish Road Works Register (SRWR) suite of indicators, which benchmarks roads authority and utility company road works performance across Scotland, and facilitates benchmarking against the rest of the UK, is regularly reviewed to enable organisations and the Commissioner to demonstrate continuous improvement. Monitoring the number of qualifying works promoted per 100km of road length for each roads authority against others in their respective Society of Chief Officers in Transportation in Scotland (SCOTS) peer group remains a high priority. This has driven a marked improvement in the performance of several authorities.

On site technical standards monitoring continued throughout 2019/20 as office resources permitted, but were limited to reviewing signing, lighting & guarding. Both utility company and roads authority sites were again visited and assessed against the Safety at Street Works and Road Works Code of Practice. Unfortunately, site visits continued to be compromised by "abandoned sites" and works not yet commenced as a consequence of lengthy permitted "validity periods". It is hoped that the provisions of the Transport (Scotland) Act 2019, once commenced, will positively impact this issue going forward.

### BEST PRACTICE AND COMMUNITY ENGAGEMENT

The office continued to engage with the road works community at a national, area and local level in addition to membership of various working groups, promoting best practice, encouraging innovation and improved performance monitoring.

In particular, engagement with broadband delivery companies continued, promoting co-operation with roads authorities to assist the delivery of accelerated telecoms road works programmes in a co-ordinated manner.

An important part of this process was the ongoing involvement of the Technical Standards Manager at a local level to improve compliance and communication between utility companies and roads authorities.

The office continued to actively participate in the Scottish Road Research Board (SRRB), the Transport Scotland Pavement Forum (TSPF) and the Roads Collaboration Board.

## LEGISLATIVE REGIME CHANGES

**The Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008** and **The Scottish Road Works Register (Prescribed Fees) Amendment Regulations 2019** were the Scottish Statutory Instruments covering the collection of funds from the user community for the operation of the Scottish Road Works Register during the 2019/20 financial year.

**The Scottish Road Works Register (Prescribed Fees) Regulations 2020** were made on 18 February 2020 and came into force 1 April 2020. Together with the **Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008** these Scottish statutory instruments cover the collection of fees and amounts from the user community for the operation of the Scottish Road Works Register during the 2020/21 financial year.

**The Transport (Scotland) Act 2019** was passed on 10 October 2019 and received Royal Assent on 15 November 2019. Part 9 of the Act contains provisions that will which will impact the work of the SRWC once commenced.

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## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are set out within the Governance Statement on page 13.

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## GOING CONCERN BASIS

The 2019/20 Annual Accounts have again been prepared on a “going concern” basis and there are no issues to report at this time. Both the SRWC and SRWR budgets are monitored monthly and 5 year forecasts reviewed. It is likely that the level of Grant in Aid will have to be further discussed with the Scottish Government in 2021 to address funding beyond 2022. Initial discussions took place in 2019.

The possibility of an inspection function for the office, in line with the provisions made in the Transport (Scotland) Act 2019, will have a significant influence on any future funding profile.

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## SUMMARY

The office of the Scottish Road Works Commissioner is currently well placed to continue regulating the road works sector through engagement with the community across Scotland and overseeing improvements to the planning, co-ordination and quality of road works. In parallel, the office will continue to input to road works policy and it's development.

## PERFORMANCE ANALYSIS

Whilst there are no formal indicators, office performance is measured against objectives set out in general terms in the Corporate Plan and more specifically in the Business Plan. During 2019/20, the office continued to refresh and update procedures and governance as required to deliver the aims of the Corporate and Business Plans, which are available on the office website.

In addition to recurring road works community and governance priorities, such as issuing Annual Performance Reviews, publishing an Annual Report etc., the office has continued scrutinizing the noticing practices of roads authorities and the compaction of the unbound layers in utility company reinstatements. These metrics remained priorities during 2019/20.

Ongoing attendance at all HAUC(UK), RAUC(Scotland) and Area RAUC meetings is key to promoting good practice and improved performance across organisations undertaking road works. The office was routinely represented at all such meetings. In addition, the Technical Standards Manager maintained attendance at a number of Local RAUC meetings across Scotland. Whilst the office is not resourced to attend all Local RAUC meetings, this “grass roots” involvement is an essential part of engagement to encourage co-operation and co-ordination.

In addition to drawing down the full agreed Grant in Aid during 2019/20, the Scottish Government provided an additional £20,000 for the review of the Specification for the Reinstatement of Openings in Roads (SROR). This additional funding has been carried forward into 2020/2021.

The SRWC monitors the performance of the office against the aims of the Corporate Plan and programmes identified in the Business Plan. Over the period 2019/20 performance was again satisfactory.

It is a requirement of The Government Financial Reporting Manual (FReM) that the following are reflected in the Performance Report;

1. An explanation of the link between Key Performance Indicators (KPIs), risk and uncertainty.

The office does not have formal KPIs, but has developed a performance dashboard as part of its Business Plan. This is discussed and updates agreed at regular team meetings, mitigating risks and uncertainty considered in the Risk Register. Particular focus is given to regular budget monitoring of the SRWC budget and the SRWR budget.

2. An explanation of the development and performance of the organisation during the year.

The performance of the SRWC’s office during 2019/20 can be found in the Business Plan Performance Dashboard at:

[Business Plan 2019-20](#)

3. Non-financial information including social matters, respect for human rights, anti-corruption and anti-bribery matters.

In addition to taking guidance from Scottish Government HR policy and procedures, the office maintains a number of policies and procedures including a Code of Conduct, Equalities Statement and Environmental Policy. These documents are drafted to be appropriate for the small size and scale of the organisation.

Documents are reviewed on a regular basis. Each policy has a predetermined review schedule appropriate to the policy area it covers. Reviews consider current public sector requirements, statutory and non-statutory, and the content of other SRWC policies and guidance. The risk register is informed by the amelioration outlined for each specific policy area as well as key targets from the business plan. Assessing whether targets are achievable includes an evaluation of the potential risk that a target introduces.

As an independent public official the SRWC sets operational and office policies to meet the specific needs and unique work of the office. Where the office does not hold its own policy, Scottish Government policy is

adopted. This takes advantage of the wider expertise of Scottish Government which is subject to stringent audit process.

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**FINANCIAL POSITION**

The financial statements cover the period 1 April 2019 to 31 March 2020 and have been prepared in accordance with the accounts direction issued by Scottish Ministers.

Within the various statements, monies associated with the operation of the Scottish Road Works Register (SRWR), which is funded by the user community through the collection of Prescribed Fees and Amounts, are effectively ring fenced. In view of this, whilst not fully segmented, the accounts include segmented information.

SRWC Grant in Aid of £375k was awarded by Scottish Ministers in 2019/20 which was fully drawn down in accordance with the agreed profiling over the financial year (2018/19: £375k). In addition, a further Grant in Aid payment of £20k was drawn down to cover redrafting of Specification for the Reinstatement of Openings in Roads. SRWC expenditure in 2019/20 was £393k (2018/19: £394k)

SRWR Prescribed Fees and Amounts totalling £856k were collected from utility companies and roads authorities towards the provision of the register in 2019/20. In addition £8k was collected from new undertakers for access to the SRWR throughout the year depending on their date of joining. A further £21k was received from the Improvement Service to fund the implementation of the SRWR option "Supply of Gazetteer through another portal" and £15k was recharged for training. New monies collected totalled £900k in 2019/20 (2018/19: £791k - this included £17k grant in aid allocated to the SRWR towards the retendering process). Related expenditure during 2019/20 was £917k (2018/19: £858k).

The Commissioner earned no income in the year on direct activities (2018/19: £nil).

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**SUSTAINABILITY**

The office of the Scottish Road Works Commissioner is committed to functioning in as sustainable a manner as possible. In terms of the Public Services Reform (Scotland) Act 2010, the office publishes its Sustainability, Efficiency Effectiveness and Economy Statement on the Commissioner's website. The 2019/20 statement is available to view at:

[SRWC Sustainability, Efficiency, Effectiveness and Economy Statement 2019-20](#)

**PERFORMANCE REPORT**

*Angus Carmichael*

**Angus Carmichael**  
**Scottish Road Works Commissioner and Accountable Officer**

24 September 2020

**ACCOUNTABILITY REPORT****CORPORATE GOVERNANCE REPORT**

This section contains the Directors' Report, the Statement of Accountable Officer's Responsibilities and the Governance Statement.

**DIRECTORS' REPORT****THE COMMISSIONER**

I was appointed Scottish Road Works Commissioner (SRWC) on 28 September 2015 and my 5 year term ends on 27 September 2020.

**EQUAL OPPORTUNITIES, DIVERSITY AND HUMAN RIGHTS**

The Commissioner is committed to continued compliance with the Public Sector Equality Duty as set out in the Equality Act 2010 and the Equality & Human Rights Commission's Code of Practice and supports the principles of equal opportunities in carrying out operational functions and employment practices. The Commissioner is committed to pursuing positive action in the organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status, or disability.

**PENSION LIABILITIES**

Pensions and their associated benefits are provided through the Civil Service pension arrangements and administered for the Commissioner by the Scottish Government. Further information is included in Note 3 of the Accounts.

**REGISTER OF INTERESTS**

The Commissioner publishes a Register of Interests. This is updated as required and reviewed annually. The register only details staff who have made disclosures. Where no disclosure has been made, there is no entry in the register for the staff member and this is clearly identified on the register. The current copy of declared interests is published on the Commissioner's website along with the Code of Conduct for the Commissioner's office.

The Register of Interests can be found in the following location:

[SRWC Register of Interests 2019](#)

The Code of Conduct can be found in the following location:

[SRWC Code of Conduct](#)

**AUDITORS**

The SRWC Accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 2(b) of Schedule 2 of the Transport (Scotland) Act 2005. Azets have been appointed for a period of 5 years, commencing with the 2016/17 Accounts, under powers conferred by the Public Finance and Accountability (Scotland) Act 2000. This appointment has recently been extended by one year in view of uncertainties around the COVID-19 pandemic. An external audit remuneration fee of £12,580 is reflected in the accounts. Azets receive no fees in relation to non-audit work.

## DISCLOSURE OF RELEVANT AUDIT INFORMATION

As Accountable Officer, I am not aware of any relevant information of which the auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

## PROVISION OF INFORMATION TO EMPLOYEES

The Scottish Road Works Commissioner has adopted the principles of openness and participation in the office and places a high level of importance on both informing and consulting staff. The Commissioner does so by providing access to management papers, through oral and written briefings, by regular staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

## PERSONAL DATA INCIDENTS

There were no personal data incidents during 2019/20.

## PAYMENT OF CREDITORS

The Scottish Road Works Commissioner adopts Scottish Government policies and procedures in relation to the payment of suppliers. In 2019/20: 100% (2018/19: 93.1%) of supplier invoices were paid within 10 days of receipt.

## SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events since the end of the financial year which require revision to the figures disclosed in the annual accounts under the terms of IAS 10: Events after the Reporting Period. In accordance with the requirements of IAS 10, events are reviewed and considered up to the date on which the accounts are authorised for issue. This is interpreted as the date on which the Independent Auditor's report is signed.

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## STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The Scottish Government designated the Scottish Road Works Commissioner as the Accountable Officer for the office of the Scottish Road Works Commissioner. The relevant responsibilities as Accountable Officer, including the responsibility for the propriety and regularity of the public finances, for the keeping of proper records and for safeguarding the Commissioner's assets, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual.

Under Paragraph 2(a) Schedule 2 of the Transport (Scotland) Act 2005, the Scottish Ministers have directed the Commissioner 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 are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commissioner and of income and expenditure, recognising gains and losses and cash flows for the financial year.

In preparing the accounts, the Scottish Road Works Commissioner is required to comply with the requirements of the Government Financial Reporting Manual and the Scottish Public Finance Manual, with particular reference to:

- (i) Observing the Accounts Direction issued by Scottish Ministers (see Annex 1), including the relevant accounting and disclosure requirements, and applying accounting policies on a consistent basis;
- (ii) Making judgements and estimates on a reasonable basis;

- (iii) Stating whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosing and explaining any material departures in the financial statements; and
- (iv) Preparing the accounts on a “going concern” basis.

I confirm that, as far as I am aware, there is no relevant audit information of which Azets are unaware, and that as Accountable Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that Azets are aware of that information.

As Accountable Officer, I am responsible for the regularity and propriety of the public finances received from the Scottish Government and the collected “Prescribed Fees and Amounts”. In addition, I am required to keep proper records and to safeguard SRWC assets, all as set out in the Accountable Officer’s Memorandum issued by Scottish Ministers.

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## GOVERNANCE STATEMENT

As Accountable Officer, I have responsibility for putting in place and maintaining sound systems of governance and internal control that support the delivery of the office policies, aims and objectives. As noted in the “Statement of Accountable Officer’s Responsibilities” above, I am required to safeguard public funds and assets in accordance with the responsibilities assigned to me and for which I am personally responsible.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness and promotes good practice and high standards of propriety.

## GOVERNANCE ARRANGEMENTS

In 2010, the Scottish Government sponsor unit agreed that given the independent status and the budget of the Office, the Commissioner would operate without an audit committee or advisory board. It was also agreed that the topic should be kept under review and that should any practical difficulties arise, that governance arrangements would be reviewed. I can confirm that no practical difficulties have arisen.

The agreement that the office of the Scottish Road Works Commissioner would operate without an audit committee or advisory board was taken based on the following arrangements being in place to give assurance that there are adequate controls:

- an annual audit is undertaken by an independent auditor;
- audited annual accounts are published;
- the SRWC continues to utilise Scottish Government processes and procedures as much as possible;
- the SRWC continues to utilise Scottish Government services such as SCOTS, SEAS, pensions and payroll;
- the SRWC meets regularly with the Scottish Government sponsor unit; and
- an internal audit is undertaken at appropriate intervals.

It was agreed in 2010 that given the reliance that the SRWC places on Scottish Government processes and systems, that internal audit of the office would form part of the Transport Scotland risk based plan for internal audit. As such internal audit is provided by Scottish Government and considered annually as part of the Transport Scotland audit planning process. This includes an advisory service on risk, control and governance and, where required, provide advice on urgent work where there are specific needs or problems.

Scottish Government Internal Audit undertook an internal audit in 2015/16 to review risk, control and governance and have reported on their audit. The audit action plan identified seven issues/risks and categorised them three Low Priority, four Medium Priority and zero High Priority. Action was taken in respect of all recommendations and comments made by internal audit have informed the Commissioner's opinion over the effectiveness of controls.

The Transport Scotland risk based audit planning exercise for 2019/20 did not identify the need to undertake and internal audit during the reporting period.

No specific assurances were provided to the office by Internal Audit Services during the year in respect of Scottish Government systems used by the SRWC.

I confirm that, in my opinion, the governance arrangements are appropriate and effective and no significant issues have been identified.

### INTERNAL CONTROL

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Commissioner's aims and objectives. It can therefore only provide reasonable, not absolute assurance of effectiveness.

The process within the organisation accords with the guidance from the Scottish Ministers provided in the Scottish Public Finance Manual and has been in place for the year ended 31 March 2020 and up to the date of approval of the Annual Accounts.

The system of internal control is based on an on-going process designed to identify principal risks to the achievement of the organisation's policies, aims and objectives. It evaluates the nature and extent of those risks and manages them efficiently, effectively and economically.

Significant risks affecting the organisation are associated with the Scottish Road Works Register, External Factors and Financial Loss.

Specific issues considered in compiling the office Risk Register, which could result in both financial and reputational loss to the organisation, include, or are informed by the following:

- The risk that the SRWR provider enters into financial difficulty resulting in the total loss of the register. The SRWC is "the keeper" of the SRWR which is provided by a private company. Mitigation measures have been put in place to reduce the severity and likelihood of this risk to the SRWC. In the event of total loss, the minimum requirements are set out by legislation and the SRWC would initiate these via a paper notices process. An emergency tender process would be initiated to find a new supplier.
- The risk that external issue(s) increase SRWC costs above agreed budget. Spending is closely monitored, however specific mitigation measures have been put in place to reduce the severity and likelihood of this risk to the SRWC. The Framework Document between Transport Scotland and the SRWC makes provision to amend the Grant in Aid payment profile to respond to business needs. Spending and risks are monitored on a monthly basis. An example of an external risk is the impact on the office of the provisions of the Transport (Scotland) Act 2019.
- The risk that a member of staff could undertake fraudulent activity, resulting in significant financial loss for the SRWC. Mitigation has been put in place to reduce the severity and likelihood of this risk. Signatories to the accounts have been restricted and current banking arrangements restricts payments to £100k. Further mitigation has been applied with only the SRWC and the Head of Policy and Strategy being able to authorise final payment. The SRWC has a small team and is therefore able to monitor this closely. The SRWC holds monthly meetings to review accounts.

Further details of all risks assessed and mitigation measures are detailed in the SRWC's Risk Register. In addition to the ongoing review of risk at SRWC, this year the possible impact of the COVID-19 Pandemic was considered. Given the existing controls in place and the make-up of the office it was concluded that there was only a minor risk to operations going forward. The SRWR provider's plans were also reviewed.

I confirm that, in my opinion, the control arrangements are appropriate and effective and that no significant issues have been identified.

I confirm that I remain content with the financial and HR support provided by the Scottish Government and that the 2019/20 Annual Assurance Statement was submitted to the Cabinet Office on 14 July 2020.

### RISK MANAGEMENT

All bodies to which the Scottish Public Finance Manual is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Following an Internal Audit Action Plan recommendation in March 2016, the SRWC and SRWR Risk Registers were amalgamated. The new SRWC Risk Register is reviewed on a bi-annual basis. The Commissioner and staff regularly consider risk in respect of specific issues. As new risks emerge or existing risks change, adjustments are made to the SRWC Risk Register.

The Business Continuity Plan is reviewed to reflect staff and legislation changes, and any other issues which would have an impact on the continued operation of the office.

Reviews of the Risk Register and Business Continuity Plan take account of any changes required due to advice from professional advisors or the results of internal and external audit.

The Commissioner is committed to a process of continuous development and improvement, responding to any relevant reviews and identified best practice.

The Commissioner will continue to be guided by the Scottish Public Finance Manual.

### DATA SECURITY

There have been no lapses in data security for the period ending 31 March 2020.

### REVIEW OF EFFECTIVENESS OF INTERNAL CONTROLS

As Accountable Officer I have responsibility for reviewing the effectiveness of internal controls. My review of the effectiveness of internal controls in place during the 2019/20 financial year was informed by:

- The staff within the office who have responsibility for the development and maintenance of the internal control framework
- Consideration of the matters which arose during preparation of the 2019/20 accounts
- Comments made by the internal audit team
- Comments made by the external auditors
- The Scottish Public Finance Manual and Financial Reporting Manual

Appropriate action is in place to address any weaknesses identified and to improve the effectiveness of internal controls.

### SIGNIFICANT ISSUES

I confirm that there are no significant issues to report for the 2019/20 period.

## REMUNERATION AND STAFF REPORT

## REMUNERATION REPORT

Commissioner appointments are generally for a period of 5 years. Angus Carmichael was appointed as Commissioner on 28 September 2015 for a period of 2 years pending a review of the Commissioner's functions on behalf of Scottish Ministers. This appointment was extended to 5 years whilst the findings of the review of the post were developed and brought forward through primary and secondary legislation.

The salary and pension entitlements of Angus Carmichael during the 2019/20 financial year and the median pay disclosure are subject to audit and are set out below.

## REMUNERATION

Remuneration	Salary (Bands of £5, 000)	Notes	Pension Benefits (£000s)	Total Remuneration 2019/20 (Bands of £5,000)
Angus Carmichael	£75-80k (2018/19 : £70-£75k)		£33k (2018/19: £28k)	£105 - £110k (2018/19: £100-£105k)

Salary disclosures reflect the requirements of the Government Financial Reporting Manual (the FReM).

Given the independent nature of the office, the Commissioner is not part of a bonus scheme, nor does the post have any reserved rights, recruitment or retention allowances.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The annualised banded remuneration of the highest-paid director in the office of the Scottish Road Works Commissioner in the financial year 2019/20 was £75,000 - £80,000 (2018/19 £70,000 - £75,000). This was 1.7 times (2018/19 – 1.6 times) the median remuneration of the workforce, which was £45,680 (2018/19 £44,349). All permanent staff employed in the Commissioner's office are remunerated between Scottish Government Grades B2 – B3 (£29,759 - £45,241). Note, median remuneration is greater than B3 max due to a non-consolidated pay award for staff on scale maximum.

The ratio of the salary of the highest paid director to the median remuneration of the organisation's workforce in 2019/20 remains broadly similar to the ratio in 2018/19.

In 2019/20, no employees received remuneration in excess of the highest-paid director (2018/19: £nil). Remuneration includes basic salaries and overtime. It does not include employer national insurance or pension contributions.

## BENEFITS IN KIND

The Commissioner received no benefits in kind over the reporting period 2019/20 (2018/19: £nil)

## PENSION BENEFITS

Commissioner	Accrued pension at pension age as at 31/03/2020 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2020 £'000	CETV at 31/03/2019 £'000	Real increase in CETV £'000
Angus Carmichael	5 - 10	0 - 2.5	137	104	28

## THE CASH EQUIVALENT TRANSFER VALUE (CETV)

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 they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. 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 THE VALUE OF CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (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.

## STAFF REPORT

## NUMBER OF SENIOR STAFF BY BAND

The Commissioner was remunerated at Band C3 (£71,881 - £74,343 April 2019 to March 2020). In addition the SRWC received a one off non-consolidated payment of £722.

## STAFF COSTS (SUBJECT TO AUDIT)

	Commissioner	SRWC Segment Staff	SRWR Segment Staff	Total Remuneration	Total Remuneration
	2019/20	2019/20	2019/20	2019/20	2018/19
	£000	£000	£000	£000	£000
<b>Wages and salaries</b>	75	175	54	304	277
<b>NI Contributions</b>	9	18	6	33	31
<b>Pension costs</b>	21	43	10	74	56
	<b>105</b>	<b>236</b>	<b>70</b>	<b>411</b>	<b>364</b>

The total remuneration for 2019/20 has increased by £47k.

## STAFF NUMBERS EMPLOYED (SUBJECT TO AUDIT)

The average number of full time equivalent (FTE) staff employed by the Scottish Road Works Commissioner during the period was as follows:

	2019/20	2018/19
Commissioner	1	1
Permanent Staff	5.0	4.8
Other	0.4	0.4
	<b>6.4</b>	<b>6.2</b>

All staff are subject to UK Employment Contracts.

## STAFF COMPOSITION (SUBJECT TO AUDIT)

The following table shows the breakdown by gender of the staff employed within the Commissioner's office and who were in post on 31 March 2020.

	Male	Female
Staff	3.4	2
Commissioner	1	-
<b>Total</b>	<b>4.4</b>	<b>2</b>

One male member of staff was employed on a 40% FTE temporary call-off basis.

## SICKNESS ABSENCE DATA

The staff sickness absence rate in the Commissioner's office was 0.6% in 2019/20. There was no long term sickness absence recorded.

**EXPENDITURE ON CONSULTANCY**

**Legal Support**

Over the reporting period the SRWC continued to engage Anderson Strathern Solicitors to provide legal support. Expenditure on external legal support during 2019/20 was £1776.00

**Accountancy Support**

During 2019/20, expenditure on external accountancy support was £1117.56

**STAFF POLICIES**

The Scottish Road Works Commissioner is committed to following current Scottish Government policy with respect to applications for employment, continuing employment, training and career development.

In line with Scottish Government’s recruitment procedures, the Commissioner gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. In addition, the Commissioner’s current remuneration policy reflects Scottish Government policy.

**OFF-PAYROLL ENGAGEMENTS**

There were no off-payroll engagements during 2019/20.

**EXIT PACKAGES (SUBJECT TO AUDIT)**

There were no exit packages during the reporting period.

PARLIAMENTARY ACCOUNTABILITY REPORT

**FEES AND CHARGES**

The SRWC collects Prescribed Fees and Amounts from utility companies and roads authorities in respect of the provision of the Scottish Road Works Register. In addition £8k was collected from new utilities throughout the year. Income collected in 2019/20 totalled £864k (2018/19: £747k). Income received from activities is summarised in Note 2.

**ACCOUNTABILITY REPORT**

*Angus Carmichael*

**Angus Carmichael**  
**Scottish Road Works Commissioner and Accountable Officer**

24 September 2020

**INDEPENDENT AUDITOR'S REPORT****Independent auditor's report to the Scottish Road Works Commissioner, the Auditor General for Scotland and the Scottish Parliament****Report on the audit of the financial statements****Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of the Scottish Road Works Commissioner for the year ended 31 March 2020 under the Transport (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, 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 law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 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 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

**Basis for opinion**

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is four years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

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

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, 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 assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

Our 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 our 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

### **Other information in the annual report and accounts**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Report on regularity of expenditure and income**

#### **Opinion on regularity**

In our 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.

## Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Report on other requirements

### Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

In our 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 Transport (Scotland) Act 2005 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 Transport (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

### Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

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

## Use of our 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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Karen Jones*

Karen Jones (for and on behalf of Azets Audit Services)  
Exchange Place 3,  
Semple Street,  
Edinburgh,  
EH3 8BL

Date: 08 October 2020

## FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2019/20 £000	2018/19 £000
<b>Expenditure</b>			
Staff Costs	3	411	364
Register Operation	4.1	784	748
Professional Fees		15	16
Accommodation		11	11
Other Expenditure	4.2	84	70
Depreciation	5	5	6
<b>Total</b>		<b>1,310</b>	<b>1,215</b>
<b>Income</b>			
Income from SRWR Activities	2	(900)	(828)
		<b>(900)</b>	<b>(828)</b>
<b>Total Comprehensive net Expenditure for the financial year ended 31 March 2020</b>		<b>410</b>	<b>387</b>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Statement of Comprehensive Net Expenditure.

The accompanying Notes on pages 27 to 34 form an integral part of these Accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2019/20 £000	2018/19 £000
<b>Non-current assets:</b>			
Property, plant and equipment	5	12	15
<b>Total non-current assets</b>		<b>12</b>	<b>15</b>
Current assets:			
Trade and other receivables	6	1	2
Cash and cash equivalents	7	517	464
<b>Total current assets</b>		<b>518</b>	<b>466</b>
<b>Total assets</b>		<b>530</b>	<b>481</b>
<b>Current liabilities</b>			
Trade and other payables	8	(363)	(299)
Deferred income	8	(-)	(-)
<b>Total current liabilities</b>		<b>(363)</b>	<b>(299)</b>
<b>Total Assets</b>			
<b>less: Current Liabilities</b>		167	182
<b>Non-current liabilities</b>			
Deferred income	8	(-)	(-)
<b>Total non-current liabilities</b>		<b>(-)</b>	<b>(-)</b>
<b>Net Assets / (Liabilities)</b>		<b>167</b>	<b>182</b>
<b>Reserves</b>			
Taxpayers Equity		167	182
		<b>167</b>	<b>182</b>

The accompanying Notes on pages 27 to 34 form an integral part of these Accounts.

The accountable officer authorised these financial statements for issue on 23 September 2020

## FINANCIAL STATEMENTS



**Angus Carmichael**  
Scottish Road Works Commissioner and Accountable Officer

24 September 2020

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2019/20 £000	2018/19 £000
		<u>          </u>	<u>          </u>
<b>Cash flows from operating activities</b>			
Net operating (costs) before Scottish Ministers funding		(410)	(387)
Adjustments for non-cash items			
Depreciation	5	5	6
Decrease / (Increase) in trade and other receivables	6	1	5
(Decrease) / Increase in trade payables	8	64	(93)
		<u>          </u>	<u>          </u>
<b>Net cash outflow from operating activities</b>		<b>(340)</b>	<b>(469)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current assets	5	(2)	(-)
		<u>          </u>	<u>          </u>
<b>Net cash outflow from investing activities</b>		<b>(2)</b>	<b>(-)</b>
<b>Cash flows from financing activities</b>			
Grants from Sponsor Body		395	431
		<u>          </u>	<u>          </u>
<b>Net cash flow from financing activities</b>		<b>395</b>	<b>431</b>
		<u>          </u>	<u>          </u>
<b>Net (Decrease) / Increase in cash and cash equivalents in the period</b>		<b>53</b>	<b>(38)</b>
		<u>          </u>	<u>          </u>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	7	464	502
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>517</b>	<b>464</b>
		<u>          </u>	<u>          </u>

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

	Total Reserves	
	2019/20 (£000's)	2018/19 (£000's)
<b>Balance at 1 April</b>	<b>182</b>	<b>138</b>
Net expenditure for the year	(410)	(387)
Funding from Scottish Ministers	395	431
<b>Balance at 31 March</b>	<b><u>167</u></b>	<b><u>182</u></b>

## NOTES TO THE ACCOUNTS FOR 2019/20

**1. STATEMENT OF ACCOUNTING POLICIES****1.1 BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Scottish Road Works Commissioner for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Scottish Road Works Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The Accounts for the financial year ended 31 March 2020 are presented in accordance with paragraph 2(a) of Schedule 2 of the Transport (Scotland) Act 2005, and prepared in accordance with an Accounts Direction given by Scottish Ministers, refer to Annex 1.

These accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment and financial assets and liabilities at fair value.

**1.2 TANGIBLE NON-CURRENT ASSETS****CAPITALISATION**

Purchases of assets with a value exceeding £500 inclusive of irrecoverable VAT are treated as capital with the exception of land and buildings where the threshold is set at £10,000 and IT equipment where the group value exceeds £500.

**VALUATION**

Assets are valued at depreciated historical cost as a proxy for current value in existing use.

**DEPRECIATION**

Depreciation is provided on property, plant & equipment at rates calculated to write off costs or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture & Equipment	5 Years
Fixtures & Fittings	5 Years
IT Equipment	5 Years
Office Vehicle	5 Years
Testing Equipment (LWD)	10 Years

Depreciation is calculated on a monthly basis starting the month after purchase or acquisition and ceasing in the month of disposal.

**1.3 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 1.4 FUNDING RECEIVABLE

Grant in Aid funding received from the Scottish Ministers quarterly, through the office sponsor unit, is credited directly to general fund in the period to which it relates.

#### 1.5 LEASES

The Commissioner holds no material finance or operating leases.

#### 1.6 PENSION COSTS

Defined Pension benefits are provided through the Principal Civil Service Pension Scheme (MyCSP) which is an unfunded multi-employer defined benefit scheme.

The Commissioner is a member of the Civil Service Nuvos Pension Scheme (MyCSP).

One member of staff is on the Civil Service Partnership Scheme (MyCSP). Remaining staff are members of the Civil Service Alpha Pension Scheme (MyCSP).

With defined contribution funding arrangements, it is not possible to identify or describe the extent to which MyCSP is liable for other entities obligations or any agreed allocations of deficit /surplus on the wind-up of the plan given the scale of the Commissioner's office's involvement in relation to the wider Scottish Government (SG). The exact proportion of the plan attributable to MyCSP is negligible in relation to SG and other related bodies within the plan. Further details on pension payments are included in Note 3.

A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation [Civil Service Pensions : Scheme Valuations](#)

#### 1.7 VALUE ADDED TAX

The Scottish Road Works Commissioner is required to pay VAT on the purchase of goods and services. All VAT is charged to the Statement of Comprehensive Net Expenditure.

The Scottish Government considers that the Commissioner cannot be classed as a Government Department for the purposes of section 41(3) of the Value Added Tax Act 1994 and as such cannot gain the appropriate status to allow the recovery of VAT.

The Prescribed Fees and Amounts collected by the Commissioner are a statutory levy and therefore VAT cannot be applied to them.

#### 1.8 INCOME RECOGNITION

Income collected to fund the operation of the SRWR is based on the projected cost of running the register during the year in question. Whilst a balanced budget is desirable, any surplus/shortfall in the income collected is accrued and taken into account in setting the level of "Prescribed Fees and Amounts" for the following year.

#### 1.9 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in these Notes, the Commissioner has had to make judgements about financial transactions or those involving uncertainty about future events. The critical judgement made in the Financial Statements is that the organisation will continue as a going concern and will be appropriately funded by the Scottish Parliamentary Corporate Body (SPCB).

### 1.10 CRITICAL ACCOUNTING ESTIMATES

The Financial Statements contain estimated figures that are based on assumptions about the future or that are otherwise uncertain. These estimates relate to the value of tangible and intangible assets. Estimates are made taking account of historical experience, current trends and other relevant factors but cannot be determined with certainty. Actual results could be different from the assumptions and estimates, but are unlikely to be material.

Pension benefits are provided through the Civil Service pension arrangements. The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes in which the Commissioner's office is unable to identify its share of the underlying assets and liabilities.

### 1.11 IMPENDING APPLICATION OF NEWLY ISSUED ACCOUNTING STANDARDS NOT YET EFFECTIVE

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2021.

We do not expect the above to have a material impact on the accounts in 2021/22.

### 1.12 SEGMENTAL REPORTING

The Commissioner currently operates two segments, namely the office of the Scottish Road Works Commissioner and the Scottish Road Works Register. The office of the Scottish Road Works Commissioner is funded through Grant in Aid from the Scottish Government. The Scottish Road Works Register is funded through income collected from the road works community. The Scottish Road Works Register (Prescribed Fees) Amendment Regulations 2019 and The Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008, were applied to the collection of the operation of monies for the collection of the register in 2018/19. IFRS 8 Segmental Reporting requires operating segments to be identified on the basis of internal reports which are regularly reviewed. Details are shown in Note 15.

## 2. INCOME FROM ACTIVITIES

	2019/20 £000	2018/19 £000
<b>Income from Activities:</b>		
Fees for access to the SRWR	864	747
Released from Deferred Income	-	54
Grants for the development of SRWR	21	-
SRWR training	15	27
	<b>900</b>	<b>828</b>

### Release from Deferred Income

Prior to the contract for the provision of the SRWR transferring to the Commissioner, the former keeper of the SRWR, Susiephone Ltd, collected additional income through Prescribed Fees and Amounts to fund the 2017/18 SRWR retendering exercise. £216k of "deferred income" has now effectively been returned to the user community by applying a £54k reduction to the monies collected for access to the SRWR in each of 2015/16, 2016/17, 2017/18 and 2018/19.

### 3. STAFF COSTS

The office of the Scottish Road Works Commissioner employed 5 permanent and 0.4 temporary staff plus the Commissioner in 2019/20. The figure for 2018/19 was 4.8 plus the Commissioner.

#### STAFF COSTS

	Total Remuneration	Total Remuneration
	2019/20	2018/19
	£000	£000
<b>Wages and salaries</b>	304	277
<b>NI Contributions</b>	33	31
<b>Pension costs</b>	74	56
	<b>411</b>	<b>364</b>

Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

#### PENSION COSTS

For 2019/20 a total employer's contributions of £66,515.66 was paid to MyCSP at one of two rates in the range between 27.1% and 27.9% of pensionable pay based on salary bands. In addition to this, £7888.90 was paid to the Partnership pension scheme.

The salary bands for pension contributions were revised and implemented on 1 April 2019.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

There were no outstanding or prepaid scheme contributions at 31 March 2020 (31 March 2019 £Nil).

On death after retirement, a pension and/or lump sum benefit is payable to the surviving spouse, dependant on the member's circumstances and the scheme joined within MyCSP. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, again dependant on the scheme joined. It also provides a service enhancement to the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

#### 4. REGISTER OPERATION AND OTHER EXPENDITURE

##### 4.1 REGISTER OPERATION

This represents costs associated with the provision of the SRWR, including contracted costs paid to the provider Symology Ltd.

##### 4.2 OTHER EXPENDITURE

	2019/20 £000	2018/19 £000
<b>SRWC Segment</b>		
General office expenses	16	15
Travel & Subsistence	6	9
Development Costs	4	6
Other Costs	2	3
	<b>28</b>	<b>33</b>
<b>SRWR Segment</b>		
Training	9	27
Development Costs	35	-
Meetings & External Services	8	8
Travel, Administration & General	4	2
	<b>56</b>	<b>37</b>
<b>Total Other Expenditure -</b>	<b>84</b>	<b>70</b>

The above total does not include £12,580 for external auditor remuneration (2018/19 £12,420). This is included under Professional Fees in the Statement of Comprehensive Net Expenditure. External audit received no fees in relation to non-audit work.

Development Costs in the SRWR Segment relate to development of a new on line training service.

#### 5. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicle £000	Test Equipment £000	Information Technology £000	Furniture & Fittings £000	2020 Total £000	2019 Total £000
<b>Cost</b>						
At 1 April 2019	20	8	6	2	36	36
Additions	-	-	2	-	2	-
Disposals	-	-	(1)	-	(1)	-
<b>At 31 March 2020</b>	<b>20</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>37</b>	<b>36</b>
<b>Depreciation</b>						
At 1 April 2019	13	2	4	2	21	15
Charge for Year	4	1	-	-	5	6
Disposals	-	-	(1)	-	(1)	-
<b>At 31 March 2020</b>	<b>17</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>25</b>	<b>21</b>
<b>Net Book Value at 31 March 2020</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>12</b>	

<b>Net Book Value at 31 March 2019</b>	7	6	2	-	15
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**6. TRADE RECEIVABLES AND OTHER CURRENT ASSETS**

	2019/20 £000	2018/19 £000
<b>Bodies External to Government</b>		
Trade Debtors	0	0
Prepayments	1	2
	<hr/>	<hr/>
	1	2

## 7. CASH AND CASH EQUIVALENTS

	2019/20 £000	2018/19 £000
The following balances at 31 March 2020 were held at:		
<b>Government Banking Service</b>		
Opening Balance	232	203
Movement	31	29
Closing	263	232
<b>RBS account</b>		
Opening Balance	232	299
Movement	22	(67)
Closing	254	232
<b>Total Closing Balance</b>	517	464

## 8. TRADE PAYABLES AND OTHER LIABILITIES

	2019/20 £000	2018/19 £000
Trade Payables and Accruals		
<b>Amounts falling due within one year:</b>		
Trade Payables		
SRWC	117	92
SRWR	223	185
Accruals		
SRWC	9	8
SRWR	-	-
IAS 19: Employee Benefits	14	14
	<b>363</b>	<b>299</b>
	2019/20	2018/19
	£000	£000
<b>Amounts falling due within one year:</b>		
Due to :		
Other Central Government Bodies	114	89
Local Authorities	-	2
Bodies external to Government	249	208
	<b>363</b>	<b>299</b>

## 9. PAYMENTS TO THE CONSOLIDATED FUND

There was £18,000 Commissioner penalties imposed and paid to the consolidated fund this reporting period (2018/19: nil).

## 10. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2020 (31 March 2019: £nil).

#### 11. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

There were no contingent liabilities as at 31 March 2020 (31 March 2019: £nil).

#### 12. FINANCIAL INSTRUMENTS

The Scottish Road Works Commissioner relies on Grant in Aid to fund the operation of the office and has no borrowings. Subject to routine robust budget monitoring, the SRWC is not exposed to liquidity risk. The SRWC has no deposits and all assets are denominated in pounds sterling. Consequently, the office is not exposed to interest rate risk or currency risk.

#### 13. RELATED-PARTY TRANSACTIONS

The Scottish Road Works Commissioner was constituted by Scottish Ministers. "Grant in Aid" funding is provided annually through Transport Scotland who are a Scottish Government Agency. This is accounted for through the Statement of Changes in Taxpayers Equity.

#### 14. OTHER FINANCIAL COMMITMENTS

There are no other financial commitments at 31 March 2020.

#### 15. SEGMENT INFORMATION

The following items show the main categories of expenditure split between the two segments of the organisation.

	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>SRWC</b>	<b>SRWR</b>	<b>Total</b>
Total Income	395	900	1,295
Total Expenditure	393	917	1,310
Total Assets	276	254	530
Total Liabilities	138	225	363
	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>SRWC</b>	<b>SRWR</b>	<b>Total</b>
Total Income	414	845	1,259
Total Expenditure	357	858	1,215
Total Assets	248	233	481
Total Liabilities	113	186	299



## THE SCOTTISH ROAD WORKS COMMISSIONER

## DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 2 of Schedule 2 of the Transport (Scotland) Act 2005, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2008, 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.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

*D Patel*

Signed by the authority of the Scottish Ministers

Dated *14<sup>th</sup> January 2008*