

Review of Scottish concessionary travel offers opportunity for fresh approach

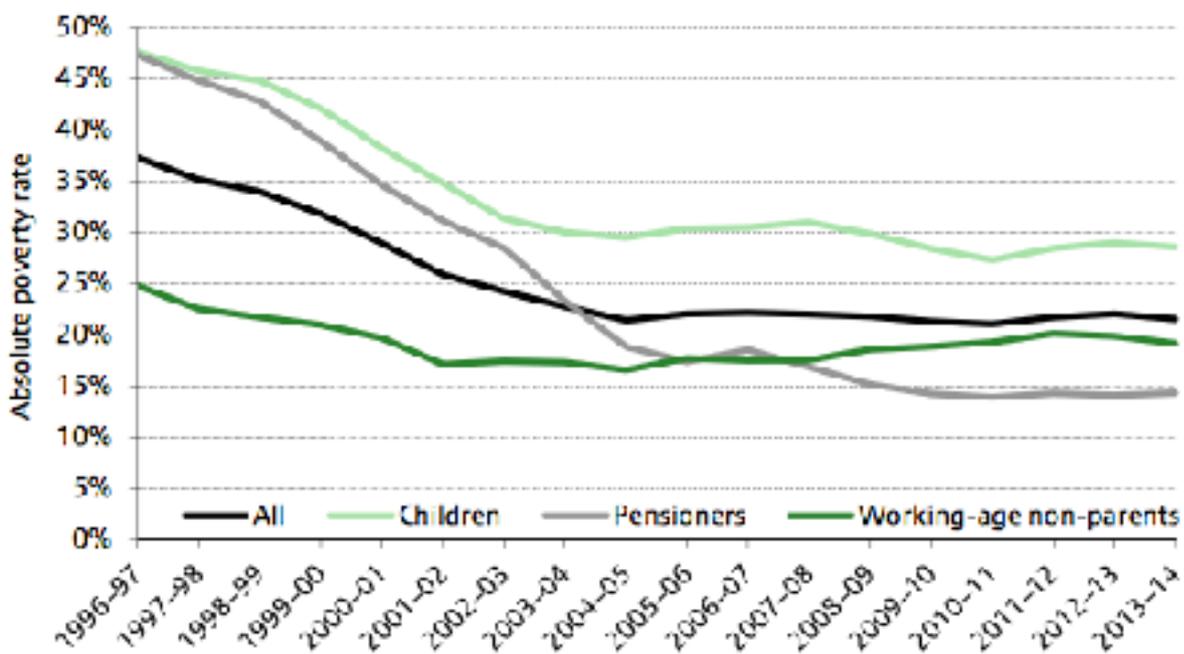
In January, the Scottish Transport Minister Humza Yousaf announced that there would be a consultation on the future of Scotland's concessionary travel scheme (1). The current scheme, which was set up in 2006, has faced criticism on the grounds of escalating cost - £207.8 million in 2016-17 (2) - and also from bus operators, who have seen reimbursement levels fall in recent years to a new low of 56.9% of the standard fare (3).

However the review is also timely in providing an opportunity - overdue at that - to review the value for money of the social benefits that the scheme provides. Leaving to one side wider issues of taxation and spending, the very considerable concessionary travel budget is currently poorly targeted at people who need it.

Concessionary travel only make sense if it enables people to travel who could otherwise not afford to. So logic demands that it should be targeted at people on low incomes. But most concessionary travel spending is not aimed at people on low incomes, but rather at an arbitrary age bracket: those over 60 years old. And yet, the 'young old' (people in their 60s) are one of the better off age groups in the whole of society (4).

The increasing affluence of older people is not a new phenomenon; over the past thirty years, the old link between poverty and old age - once a justifiable basis for age-related travel concessions and other social security benefits - has not just reduced, but has disappeared entirely. Older people (i.e. those who qualify for free concessionary travel on age grounds) are now one of the least-poor age groups in the UK as the chart below from the Institute for Fiscal Studies shows (5).

Figure 4.1. Absolute poverty rates (AHC), by family type



Audit Scotland has observed “research shows that [the National Concessionary Scheme] has had only limited impact on improving social inclusion, improving health or promoting a shift from car to bus” (6) - the key objectives of the scheme. In view of these limited benefits, the case for spending more than a billion pounds every five years on concessionary travel for over-60s is becoming weaker every year.

Of course, concessionary travel is not aimed only at older people; the scheme has long been open to blind and disabled people, and this aspect of the scheme seems well justified. However, it is important to acknowledge too that there is a major gap in the scheme. Thousands of disabled people who can't use the bus - for example because it isn't accessible or the bus stop is too far away - derive no benefit at all from the scheme as it stands.

So what are the options? Unless there is some change, it is likely that the scheme will become unsustainable, because of rising costs and/or insufficient payment to operators. What would happen if the scheme was abolished entirely? Far from seeing an end to cheaper travel, it is likely that the government scheme would be replaced by a new range of (less generous but privately-funded) discounted fare schemes marketed by bus companies at off-peak times, when the marginal cost of carrying a passenger is virtually zero. The fiscal savings would enable the Scottish Government to significantly compensate low income elderly people who would most lose out through the tax and benefits system, perhaps targeting especially the poorest age groups, like those over 80.

However, there would be other consequences - despite the stated intention of concessionary travel arrangements to leave operators “no better nor worse off”, there would almost certainly be an adverse effect on bus services which are already experiencing a long term crisis in use (7). There is no question too that many people do benefit from concessionary travel and these benefits should not be dismissed lightly. It is politically inconceivable that the scheme would be scrapped entirely.

Depending on how much of the £200 million per year the Scottish Government is willing to potentially reallocate (and again leaving aside wider tax and spending questions) there are many options which could be considered. Increasing the age of entitlement to travel concessions, as has happened with state pensions, would save a lot of money, but it would also be a blunt instrument, affecting poorer and wealthier people equally. Another option to reduce the budget would be to limit the time that free travel is available under the scheme; applying concessions after the morning peak would especially save money as many buses are at capacity at this time.

Options for redistributing budget could include providing more direct support to bus services generally; however, as the current scheme is intended as a subsidy for passengers, rather than operators, the fairness of this switch is questionable. Offering free travel to young people (generally, a poorer age cohort than 60-somethings) could assist with job and college travel and encourage a sustained culture of public transport use; but of course that too would be a blunt (and expensive) instrument, like any other age-related eligibility criterion.

My favoured option would be to return to free travel concessions being principally aimed at encouraging local travel. In urban Scotland, this would mean free travel within local cities and surrounding areas while in rural areas, ‘local’ travel still often involves long distances.

However, should the scheme pay for expensive long-distance leisure trips that many relatively affluent and mobile pensioners can currently enjoy for free? A study of the distribution of journey lengths funded by concessionary schemes showed that 19% of trips were over 25 miles long (8). The fares for longer bus trips are of course more expensive than for short bus trips; so it would be reasonable to assume that these longer trips make up at least 20% of the concessionary travel budget (perhaps considerably more). My guess is that, even allowing for the need to keep concessions for longer distance 'local' travel in rural areas, excluding of long-distance leisure trips from the free scheme might save 10% or more of the current budget; this would in itself provide some £20 million each year which could be used more effectively.

For me, the unique opportunity is to address the long-standing anomaly of disabled people who have the most significant mobility restrictions being excluded from the benefits of concessionary travel entirely. Community transport 'Section 19' operations could become eligible for concessionary travel and more ambitiously, a national taxi subsidy scheme for people who can't use buses and need door-to-door transport could be established. Both of these could be easily achieved at a relatively modest cost.

This is the time not just for tweaks to the current scheme but for fresh and imaginative thinking on how public money can best be used make travel truly inclusive.

- 1) <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-38718556>
- 2) <http://www.gov.scot/Publications/2016/12/6610/14>
- 3) <http://www.transport.gov.scot/system/files/documents/tsc-basic-pages/Transport%20Scotland%20agreement%20letter%20to%20CPT.pdf>
- 4) <http://www.poverty.org.uk/04/index.shtml>.
- 5) <https://www.ifs.org.uk/uploads/publications/comms/R107.pdf>
- 6) http://www.audit-scotland.gov.uk/docs/central/2010/nr_101007_concessionary_travel.pdf
- 7) <http://www.transport.gov.scot/report/SCT01171871341-05>.
- 8) <https://www.transport.gov.scot/publication/concessionary-travel-customer-feedback-research-year-one-report/>