

Consumers and the National Concessionary Travel Schemes

Improving outcomes for
consumers in Scotland

November 2024

About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive in Scotland goods or services supplied by a business, profession, not for profit enterprise, or public body.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.

Consumer Principles

The Consumer Principles are a set of principles developed by consumer organisations in the UK and overseas.

Consumer Scotland uses the Consumer Principles as a framework through which to analyse the evidence on markets and related issues from a consumer perspective.

The Consumer Principles are:

- Access: Can people get the goods or services they need or want?
- Choice: Is there any?
- Safety: Are the goods or services dangerous to health or welfare?
- Information: Is it available, accurate and useful?
- Fairness: Are some or all consumers unfairly discriminated against?
- Representation: Do consumers have a say in how goods or services are provided?
- Redress: If things go wrong, is there a system for making things right?
- Sustainability: Are consumers enabled to make sustainable choices?

Executive Summary

Public transport is a key utility for consumers in Scotland, as well as a substantial facilitator of economic activity. For many consumers it helps to enable access to other services. The provision of public transport raises a number of important consumer policy issues, including issues around access, affordability, quality of services and safety.

Transport as a whole is the sector responsible for the most greenhouse gas emissions in Scotland, with around 41% of transport emissions coming from private car use. As a result, public transport policy, insofar as it can encourage people to choose public transport over private car use, is a crucial part of net zero policy in Scotland. One policy that is, in part, related to this is the administering of concessionary bus fares for people under 22, 60 and over, and disabled people. These fares are intended to encourage sustainable travel habits and reduce social exclusion.

The National Concessionary Travel Schemes (NCTS) in Scotland requires investment of more than £300 million annually,¹ and so also represents a significant financial outlay by Scottish Government. The 2024 Fair Fares Review reaffirmed that, as of the time of writing, Scottish Government would maintain existing eligibility to the NCTS for those groups who currently benefit. The review also recommended, however, that further policy development be undertaken to consider better targeting of public funds to support access to public transport for those who need it most. This included potential consideration of concessionary travel support for those experiencing financial poverty.

This briefing analyses available evidence about concessionary schemes in Scotland and internationally, and assesses the impact of concessionary fares against different aims. It finds that there are clear benefits to eligible consumers from all backgrounds in terms of affordability and increasing social and economic activity, but that evidence that concessionary fares support modal shift from cars to bus use is mixed. A further finding is that concessionary fares have limited impact for consumers who cannot access a bus service that is available, reliable, regular, and timely, and that this is the case for a significant number of consumers.

Our key findings are that:

- Concessionary fare schemes are very popular with those eligible, have clear financial benefits for those already reliant on bus use, and allow people to benefit from increased mobility.
- However, where overall bus services do not meet consumer need, the benefits of concessionary fares are much more limited.
- The different aims of concessionary fares are largely achieved by targeting different groups of people. Social inclusion is promoted by offering concessionary fares to those generally lower income consumers who rely on

public transport for mobility; while encouraging modal shift from car to bus through concessionary fare policy requires that fare subsidies are made available to those generally better off people who own a car.

- From a public finance perspective, there is a trade-off between the level of discount offered through the fare subsidy on one hand, and the breadth of the eligible population on the other.
- There are also public finance choices to be made between directing public funds towards fare subsidies or towards improving the overall availability of public transport more generally to make this more accessible and convenient for more consumers. Such investment could potentially generate benefits in encouraging modal shift towards public transport use by reducing barriers to access for more consumers.
- There is a lack of evidence about the extent to which concessionary fares can meet specific aims, especially those related to modal shift. There is a need for better evidence about how the NCTS impacts on decisions and behaviours of consumers.

Finally, we set out the broader principles we believe should be followed when strategic decisions about the future of the NCTS are being made in order to ensure consumers are at the heart of decision-making.

1. Introduction

1.1 Public transport is a key utility for consumers in Scotland, with 396 million public transport journeys taken in 2022². In practical terms, access to public transport is crucial for many people to participate in employment, education, retail, or social and leisure opportunities, and people who use public transport often do so at least once per week. It is therefore also a key facilitating service that supports substantial economic and social activity.

Public transport policy in Scotland

1.2 In recent years, as climate change adaptation and mitigation has become a more urgent policy priority, the role of public transport in reducing emissions has become clear. Overall, transport is the biggest contributor of greenhouse gas emissions in Scotland, making up over a quarter of all national emissions. Of those emissions, the majority come from private car use (41%)³. Following a temporary reduction during the Covid-19 pandemic, private car use (in terms of vehicle miles travelled) has continued to rise and is likely to reach the highest levels ever⁴, while bus use continues a trend of steady decline⁵.

1.3 As public transport usage represents a much smaller proportion of emissions, especially in the context of ongoing efforts to decarbonise public transport stock and infrastructure,⁶ the Scottish Government's policies are intended to support modal shift from private car use to active travel and public transport. This is currently articulated as a national target to reduce the number of car kilometres driven annually by 20% from 2019 levels by 2030⁷.

1.4 Public transport plays a crucial role in society, however many consumers in Scotland are at risk of 'Transport Poverty'. This is defined by Public Health Scotland as a lack of transport options that are available, reliable, affordable, accessible and safe⁸. As this definition of transport poverty is multidimensional, it is not possible for a single measure to identify and monitor rates of transport poverty. Public Health Scotland have recommended the development of indicators for each of the five dimensions of transport poverty, building on the indicators outlined in the second National Transport Strategy monitoring and evaluation baseline report, in order to enable transport poverty to be monitored.

1.5 Given the central role of transport in people's daily lives, and the crucial role modal shift will play in climate change adaptation and mitigation for present and future consumers, this is a market of interest for Consumer Scotland. In 2024 we have undertaken work to explore the issues experienced by consumers in Scotland and

consider how transport policies can make it easier and more attractive for consumers to use public transport.

1.6 This briefing, our first on the topic, focusses on concessionary fares for bus use, which are delivered by the National Concessionary Travel Schemes (NCTS). Under the NCTS, the Young Persons' Scheme (YPS) provides free bus travel for those under the age of 22 while the Older and Disabled Persons Scheme (ODPS) provides free bus travel for those aged 60 and over and those with an eligible disability. The aim of these schemes, in line with wider Scottish Government policy, is to encourage sustainable travel habits, and decrease social exclusion among those eligible.

1.7 The long-term financial sustainability of subsidised free bus travel presents a significant challenge, with the NCTS accounting for around 21% of Transport Scotland's entire revenue budget.⁹ With ongoing pressure on public finances, there are questions regarding whether existing concessionary travel schemes most efficiently target support for those who need it most, in a way which is fair and consistent.¹⁰

1.8 Given public spending constraints, there are also questions as to whether the level of transport spending currently assigned to concessionary fares will remain the appropriate model to maximise consumer benefit in future, as there is also a need to invest in measures to increase the quality and accessibility of transport services for consumers. These are crucial concerns for consumers of public transport, and it is important that the consumer viewpoint is represented in these considerations.

1.9 For consumers, bus travel is a key utility and facilitates access to other vital services including health and social care, leisure, and retail services. The way in which transport services are configured impacts on who can access services and who benefits from them. This raises important questions when looked at against our consumer principles. Such questions include whether certain groups have less access to services, whether costs are allocated fairly across groups and whether costs of investing in the network are spread fairly across current and future consumers. Issues of service quality, safety and sustainability considerations are all factors which also affect consumer decisions about whether and how they use public transport.

1.10 To that end, this briefing assesses:

- Whether decreasing the cost of public transport is effective in enabling more consumers to make use of public transport, and in decreasing use of private cars.
- How the application of concessionary fares brings different outcomes for different groups of eligible consumers.
- How other international examples of concessionary travel schemes operate, and the aims and impacts of these schemes.
- The considerations crucial to future development of the NCTS and to maximising the benefits of bus travel for consumers.

2. Evidence of consumer outcomes

International examples of concessionary fares

2.1 Concessionary public transport fares are common across Europe and beyond, but the population groups to which concessions are available and the extent of the fare discount provided vary between countries. Following an extensive review of concessionary fare schemes internationally that could be meaningfully compared to Scotland, we found that concessionary fares are more commonly available for older and disabled people, and for some groups of young people. Less commonly, those participating in certain training courses, serving or former members of the military, those receiving welfare benefits or job-seeking may be eligible for concessionary public transport fares.

2.2 The lower age limit to qualify for older people's discounts ranges from 60 (e.g. Hong Kong, Vienna) to 67 (e.g. Norway), often linked to state pension age. The eligibility criteria for young people's discounts vary more widely, in some locations linked to participation in education, in others simply age-based, and in others a combination of the two. Similarly, eligibility on the basis of disability is implemented differently, with some concessions differing based on the nature of the disability (e.g. Helsinki).

2.3 In some locations specific concessionary fares are available on season tickets only (e.g. Austria, Norway, Paris, Helsinki), while in others discounts are provided on standard tickets. In the schemes reviewed, where the concessionary fare is not free, the level of discount varied from the 25% discount on season tickets in Austria to the 90% discount available to students in Hungary.

Aims of concessionary travel schemes

2.4 In line with the stated aims of Scotland's NCTS, the objectives of concessionary fare policies in the countries we examined generally fall into one or both of two broad categories: social inclusion and sustainability.

Social inclusion

2.5 Internationally, concessionary fares are most commonly extended to older people and disabled people. This is in recognition of the importance of mobility to social participation in terms of accessing services, education and employment, as well as recreational and social opportunities. It is well understood that mobility declines and driving cessation increases with age, and disability can also reduce mobility. Transport Scotland highlights that mobility “enables older people to engage in everyday activities that enhance wellbeing” and that “loss of mobility not only affects physical mobility, but adversely affects psychology such as happiness, life-satisfaction and sense of self”¹¹.

2.6 The concept of ‘active aging’ has become prominent in policy making in the context of an aging population likely to have, in most developed countries, a longer period of healthy life than previous generations¹². ‘Active aging’ is a broad concept that refers to “continuing participation in social, economic, cultural, spiritual and civic affairs”¹³ as people age. Mobility is understood to be an important facilitator of active aging, as when mobility is lost many forms of social participation can become inaccessible. The emphasis on older people’s continued economic contributions underscores the relevance of the concept to policy making in areas other than health and social care.

Sustainable travel

2.7 Promotion of sustainable transport has become more prominent as an objective of concessionary fare policy in recent years. This can be understood as either relating to broad sustainability concerns – climate change mitigation in general – or more specific concerns around congestion and air quality in urban areas. The relevance in both cases however is the potential for public transport to replace private car use.

2.8 In Scotland, broad sustainability concerns are a more prominent driver behind the young persons’ scheme, alongside aims to improve access to education, employment and leisure opportunities, and reduce household outgoings related to transport.¹⁴ In cases outside of Scotland, urban air quality and congestion have been important motivators for the implementation of concessionary fares, particularly in city-wide schemes where those concessions are available to groups other than older and disabled people. However broad climate change mitigation ambitions are increasingly put forward as a motivator for more ambitious, wide ranging experimentation with fare subsidy, with the ultimate aim being to reduce car use as much as possible.

2.9 Given these dual aims of concessionary fare policies, it is important to understand whether there is good evidence that decreasing the cost of public transport is an effective way of increasing social inclusion amongst targeted groups and decreasing use of private cars. It is also important to understand whether the introduction of concessionary fares brings about different outcomes for different groups of eligible consumers.

Outcomes of concessionary travel schemes

2.10 The outcome and impact of concessionary travel schemes depends on consumers' behavioural responses to the costs they face (or lack thereof). These responses might involve shifting to public transport from another mode of transport or making journeys they otherwise would not have made. They may also amount to no change, resulting in a simple subsidy for those who continue to use public transport as they did before. In reality, consumers respond in all these ways, but the overall impact of the scheme with respect to its aims comes down to the distribution of these responses among the eligible population.

Impact on social inclusion

2.11 The Scottish Young Persons' Free Bus Travel Scheme (YPS) is available to everyone aged 5-21 years of age, and aims to open up "social, educational, employment and leisure opportunities" to those eligible. While the scheme has been in place for less than three years, an evaluation of the first year of the scheme has been carried out by Transport Scotland. This reported that progress had been made against 9 of the 12 intended outcomes including three directly related to social inclusion: Young people have increased access to services; Improved access to education and employment opportunities; and Improved access to social and leisure opportunities/activities.

2.12 In the main, the evaluation draws on a baseline survey carried out before the launch of the YPS, a follow up survey carried out in mid-2023, and focus groups with young people, their parents or carers, and other bus users. In the baseline survey 29% of respondents reported that they or their child missed out on opportunities due to travel restrictions, but in the post-implementation survey this figure had nearly halved to 15%. A third of respondents stated they had been able to access new opportunities as a result of access to free bus travel, although some felt they were missing out in comparison to others due to lack of local bus services or issues with the available services, especially in village, rural and island areas. Uptake of free bus travel varied across local authority areas, indicating that the extent to which the scheme helps improve social inclusion by increasing access to public transport at community level also varies, albeit samples sizes in some areas were very low.

2.13 Free bus travel for older and disabled consumers also appears to improve social inclusion for those who use it. Customer feedback research was carried out in two waves in 2013 and 2014, gathering the views of users of the NCTS at that time. It found very high levels of satisfaction with the scheme, although this was lower among disabled or visually impaired users of the scheme, with two thirds of respondents using it at least once a week. Nearly half of respondents said that their bus pass led to them making journeys they otherwise would not have done, and overall the scheme was found to have a positive impact on social isolation, and to increase independence and mental wellbeing, especially for disabled users.

2.14 However, other research suggests that most of the social inclusion benefits of the scheme may already have been present when the concessionary fare was half price rather than free¹⁵. A number of studies have found that the move to free bus travel for older and disabled people did more to encourage bus use by relatively younger members of this target group, who are more likely to own a car, than it did to

increase mobility among those on low incomes who already relied on the bus¹⁶. On this view, free bus travel does two things: on one hand, it displaces journeys from other modes of transport – including walking and driving – more than it encourages entirely new travel, and on the other it provides a financial benefit for existing bus customers. Most available research focuses on users of concessionary schemes and so there is a gap in evidence around those who are eligible but do not use it, which is the group likely to include those most at risk of social exclusion.

2.15 Nonetheless, there is clear evidence that concessionary fares do, to some extent, generate entirely new journeys that would not otherwise have been taken by any means of transport. It may be in these journeys, additional to necessary travel for shopping, medical appointments and so on, that the greatest benefit is found in terms of social inclusion, with evidence suggesting that even those already reliant on bus travel use it more when it is free to visit friends and relatives¹⁷.

Impact on car use

2.16 There is mixed evidence of the impact to date of concessionary fares on car use in Scotland. Qualitative research does find that some users report using the bus instead of the car, but there is little, if any, quantitative data that would allow an assessment of the extent to which car use has been reduced by free bus travel.

2.17 In the YPS evaluation, data on normal school travel methods showed only marginal changes, but comparison between the pre-and post-implementation surveys showed declines in reported car and train use and increased use of bus and active modes. The proportion of young people learning to drive was greater post-implementation, but this was attributed to recovery of the driving test system from the impact of the Covid-19 pandemic – a factor that could also impact other findings of the evaluation. There is also evidence that the scheme has generated new bus journeys as well as new journeys that would not have otherwise not been taken (by bus or by any other mode). However it is difficult, given the available evidence, to determine the proportions of journeys that would have been taken by bus anyway, would have been taken by another mode including car, or were entirely new journeys. There is some indication that the majority of journeys taken by survey respondents were new bus journeys – i.e. consumers would otherwise have used another mode, including car, or not travelled at all.

2.18 The majority of respondents to the customer feedback survey for the ODPs (74%) said they use the bus more as a result of the scheme, and 41% said they use the car less. However, as with the YPS evaluation data, it not possible to draw conclusions about the extent to which travel patterns have changed, beyond the proportion of respondents reporting a change.

2.19 Additional evidence of the impact of public transport fare reductions on car use can be found by looking further afield. There is some recent data from changes made to fares in the wake of the Covid-19 pandemic and the cost of living crisis that followed in 2022. In Germany, for three months in Summer 2022, a flat-rate ticket was made available giving unlimited travel across most public transport for 9 Euros a month.

2.20 The immense popularity of this ticket led to demands for a more permanent alternative, which came in May 2023 in the form of the 49 Euro monthly subscription-based Deutschlandticket. Data from various sources indicated a substantial increase in longer distance travel (25% increase in train journeys over 30km by June 2023) and a small shift of journeys from road to rail (2.5%). It was estimated that a quarter of those who bought tickets in the first month had never had a public transport subscription ticket before, and that 8-10% of ticket holders had not previously been public transport users. However more than half had previously been ticket holders at a more expensive rate, highlighting the cost in public subsidy to generate that new ridership. A review of the early response to the ticket found that new season ticket holders were more likely to report driving less in June than in April 2023 (33%) compared to existing ticket holders (27%) and non-ticket holders (19%)¹⁸. Similarly 41% of new ticket holders reported using public transport more over the same period compared to 29% of existing ticket holders and 14% of non-ticket holders. The apparent greater increase in public transport use than reduction in car use suggests both modal shift from car to public transport, and the generation of additional public transport journeys that would not otherwise have been made. It should be remembered that these figures come from very soon after implementation, and research elsewhere has indicated that transport patterns continue to change over a period of years after a substantial fare reduction¹⁹.

2.21 Austria has also recently introduced a subsidised unlimited public transport pass, although at a much higher cost of 1095 Euros annually, with a 25% discount for under 25s, over 65s and disabled people. After implementation, around two-thirds of customers indicated they used public transport more frequently, and 85% stated they had replaced car journeys with public transport. One study found growth in demand for public transport of between 3.3 and 6.8%.

2.22 However, a study²⁰ that reviewed a range of town or city-wide fare-free policies across Europe found little evidence that free public transport reduced car dependency. An evaluation of the Stavanger scheme in Norway found “no data to support the hypothesis that the service replaced downtown car use and hence greenhouse gas emissions. Nearly half the passengers would otherwise walk, and a further 11 percent took the bus only for fun”²¹. Similar results were observed in Bergen. The study finds that “with respect to mode shift, the general picture observed in most cities is that the source of the increased passenger numbers is overwhelmingly people who alternatively would have walked, cycled or not travelled at all”. The conclusion was that free public transport is poor at achieving goals other than increased public transport use, and that for aims such as social inclusion and congestion reduction, targeted policies work better.

2.23 The available evidence provides some reason to believe that cheaper or free fares lead some people to use public transport over their car at least some of the time. However there is a gap in the evidence around the size of that shift and in the cost to attain this shift through the provision of a subsidy to existing public transport users. In other words, while we know that some people report using their car less, we do not know how much less they are using it or the level of public funding required to achieve a particular level reduction. Future research should aim to quantify both the reduction in car kilometres as a result of concessionary fares (rather than merely to count the

number of respondents who say they use their car less) and the relative costs involved in securing different levels of reduction.

Differential impact on user groups

2.24 Academic research on concessionary fare schemes in both Scotland and England shows that there is an important distinction between those consumers who rely entirely on public transport and those who have access to a car. These groups differ generally in average income, age, and in the way changes to concessionary fare policy impact them, based on their dual aims.

2.25 Much existing research focuses on the introduction of free bus travel for older and disabled people (as opposed to half fares or similar), and finds that the new schemes increased the uptake rate overall, but mainly among consumers who are younger, have higher incomes and who also own a car. One study²² focused on Scotland compared 'old users' of the scheme, those who had bus passes before free concessionary travel was introduced, with 'new users' who took up passes after implementation of free travel. The study found that new users were more likely to be younger and wealthier, and more likely to own a car. However, frequency of use was higher for those on lower incomes, and much lower for those who own a car, highlighting the difference between uptake rate and usage rate. Similarly, a Department for Transport evaluation of the English concessionary scheme found that 'new users' are more likely to have access to a car, less likely to be in receipt of benefits, and that they use their bus pass less frequently than 'old users'.²³

2.26 Research has found car owners are more likely than non-car owners to alter their travel behaviour in response to fare levels²⁴. Relatedly, it has been widely found that low-income consumers are less likely to increase or decrease public transport use as fare levels change²⁵, likely linked to those consumers' lower level of car ownership. Commuters are also less sensitive to fare changes, which is something that may merit more attention given that age eligibility criteria in Scotland include working age adults.

Price elasticity of demand

The concept of price elasticity of demand, in the context of public transport fares, measures the change in public transport use induced by a given change in fare price. For public transport, average price elasticity tends to be estimated to be in the region of -0.3 or -0.4, meaning for example that for each 10% decrease in fares an increase in demand of between 3% and 4% should be expected. Price elasticity of demand is lower among groups that rely on public transport for mobility – for example non-car owners and commuters – and higher among those with greater ability to choose alternatives or for whom travel on public transport is optional.

2.27 However this low sensitivity to fare changes may extend wider than those who rely on public transport for mobility. In 2017 Transport Scotland consulted on potential changes to the NCTS, and received nearly 3000 responses, the vast majority from individuals. One finding of Transport Scotland's analysis of responses was that many respondents were open to paying a nominal or low fare in order to retain access to concessionary travel, whether on a per journey basis or annually.²⁶ Further research

would be required to assess the extent of that willingness and the likely outcomes from introducing a given fare level.

2.28 The implication of this research is that a concessionary scheme provides a primarily financial benefit for those who already rely on public transport and so would use it anyway, but induces changes in travel behaviour for those who have access to a car. Frequency of use among the latter group remains low, and it is not clear the extent to which they use the bus in place of car journeys as opposed to using the bus for new journeys.

2.29 With reference to the dual aims of concessionary schemes, free bus travel can be said to improve social inclusion for those low income consumers reliant on public transport to the extent that they make additional social and recreational journeys they otherwise wouldn't; while the scheme promotes sustainable travel to the extent that those higher income consumers may use the bus in place of the car. As noted above, the available research is inconclusive regarding the level of reduction in car use – measured as the number of car journeys or car kilometres travelled rather than the number of people reporting reduced car use – brought about by free public transport.

Service standards and extent of provision

2.30 It is no surprise that research consistently finds that uptake of concessionary travel – and indeed public transport in general – is lower in areas where there is less public transport provision. The uptake rate for the YPS in Scotland is lower than the national average in the most rural areas, and the Department for Transport found that, in general, the better the bus service available to them the more likely someone is to use their concessionary pass. Research into concessionary fares in Sweden²⁷ found that usage rates differed substantially across area type, with 94% take up rate in urban areas, 81% in suburban areas and just 23% in rural areas. Even for those who did make use of the concession, users in urban areas used it more, with two thirds stating they used public transport more as a result, compared to 45% of users in rural areas.

2.31 Qualitative research commissioned by Consumer Scotland supports this, with many participants reporting that public transport was not a viable option for them due to the lack of service provision and underlying infrastructure.²⁸ It is clear that public transport is, in general, less available to rural consumers than urban consumers, and rural consumers therefore get less benefit from concessionary fares. In terms of public transport policy, and in particular in the context of the aim to reduce private car use, it is important to note the different role that public transport plays in rural areas, and so the correspondingly different role that private car use has to play in the overall make up of transport outside of towns and cities.

2.32 Service levels differ within urban areas as well as between urban and rural areas, but the available research only touches on the extent to which the quality and scope of public transport services affect public transport use. Nonetheless these appear to be important factors. In the evaluation of the YPS 14% of those who had not signed up for the scheme cited lack of suitable services as the reason²⁹.

2.33 It also notable that between the baseline survey and the follow-up (post implementation) survey perceptions of three key service quality issues had become worse. Nearly half (49%) of follow up survey respondents thought buses are not reliable (compared to 37% of in the baseline survey), 45% thought buses don't run often enough (compared to 35% in the baseline survey), 38% thought timetables are not suitable (compared to 27%). On the other hand, safety concerns decreased in the follow up survey. Recent Consumer Scotland research further underlines the importance of these factors on consumer choice, finding that, along with cost of service, the greatest barriers to choosing more sustainable transport options such as public transport were lack of availability and the time taken for travel.³⁰

2.34 The relatively low price elasticity of demand for public transport has been discussed, but it is also worth noting that there has been some study of supply elasticity of demand – the extent to which overall public transport use increases with changes to service provision. In contrast to the average price elasticity of 0.3 to 0.4, some research has estimated a supply elasticity between 0.6 and 0.9, meaning that “better public transport supply...attracts twice as many customers as cheaper prices”³¹.

2.35 As noted already, the take up rate and frequency of use of the concessionary scheme is substantially lower among disabled people. Data from the Scottish Household Survey shows that disabled people are much more likely than non-disabled people to report that they don't use public transport for reasons of comfort, health or access difficulty, and in the 2014 NCTS customer feedback research, disabled focus group participants reported various difficulties when trying to access bus services.

2.36 Researchers have concluded that “there are large parts of the population for whom the concession is of very limited use since they face barriers to bus use other than cost, and ... the concession therefore does little to increase their social inclusion”³². Improvements to the physical accessibility of buses and extensions to the route network – reducing the amount of walking required to access the network – would undoubtedly open up public transport to users who are currently not able to benefit from it. In addition, research by Transport Scotland has highlighted that much needs to be done to improve the experience of women's and girls' personal safety when using public transport in Scotland. It noted that “wider systemic change, supported by more practical interventions, is required to enhance safety further and give women and girls a greater sense of freedom to maximise the opportunities afforded by public transport travel”.³³

3. Discussion

Key Findings

3.1 Public transport is a key service for consumers in Scotland, allowing them to access work, education, retail and social opportunities. The ways in which different travel modes operate, and the way fare structures are implemented can impact on consumer's daily lives. The operation, targeting and funding of concessionary fares also affects overall levels of service provision for bus users. When considering the future of concessionary fare structures and the implications of this for consumers, we make the following observations:

3.2 ***The National Concessionary Transport Scheme, and similar concessionary fares elsewhere, are useful, popular, and valued by those eligible for them, usually due to the financial savings available, and the ability to travel more freely.***

3.3 The NCTS is very popular among those who benefit from it. Over 150 million free journeys have been taken since the inception of the concession for under-22's³⁴ and qualitative reports of its benefits are reported in its Year One evaluation³⁵. When last measured, the satisfaction rate for the older and disabled persons scheme was 98%.³⁶

3.4 There are clear benefits for beneficiaries of the scheme, and especially those who are already reliant on bus use. The scheme has allowed Under-22s greater access to education, employment, and social opportunities and there is evidence that it has facilitated reduced social exclusion among people aged 60 and older and disabled people. There are also clear affordability benefits for consumers, especially for those who are reliant on bus use.

3.5 ***NCTS travel schemes aim to both increase social inclusion and promote more sustainable travel, but meeting these aims relies to some degree on subsidising the travel of different groups of people.***

3.6 The aims of the NCTS can be summarised as to a) increase social inclusion and b) promote sustainable travel habits, and it is clear that it is successful in meeting these aims to some degree. The evidence set out in this briefing indicates that these benefits accrue differently to different groups who are eligible for concessionary fares.

3.7 For those with lower incomes and who are more reliant on bus usage in their daily life, the evidence shows that providing free bus travel improves social inclusion and has significant financial benefits, allowing people to make more journeys, and more easily access education, employment and social opportunities.

3.8 On the other hand, where the NCTS encourages use of public transport in place of driving, this is generally achieved by attracting higher income consumers who have access to a car and can more easily choose whether to use public transport or not.

3.9 As a result, if the benefits of the scheme are to be targeted towards those with the greatest financial need, it is likely that the impacts of the scheme on sustainable travel choices will be reduced. Alternatively, if promotion of sustainable travel is to be retained as a key goal of the NCTS, the evidence suggests this requires concessionary fares to be available across different income levels. When planning how the NCTS will evolve into the future, the Scottish Government should be clear about the aims of the

scheme, and target the benefits of the scheme consistently to groups whose resultant travel behaviours are most likely to meet those aims.

3.10 ***Where overall bus services do not meet consumer need, the benefits of concessionary fares are much more limited.***

3.11 Concessionary fares are popular and highly valued by those able to utilise them effectively. It is clear, however, that limits to underlying service levels and infrastructure reduce the impact of the NCTS.

3.12 While concessionary fares address affordability issues for the scheme beneficiaries, research, including that from Consumer Scotland, routinely shows that availability, regularity, reliability, and duration of journey are other key considerations for consumers. For some consumers in rural areas and especially those not close to established transport routes, their ability to use public transport at all is minimal, regardless of entitlement to concessionary fares. This issue is not restricted to rural areas. Consumers in urban areas may also face issues related to availability, regularity and reliability of service, and journey times can be extended where traffic congestion is a problem. With this being the case, even when travel is free, bus travel may not feel like the best choice to consumers.

3.13 Given the importance of service standards then, the Scottish Government should, when considering the future funding and targeting of the NCTS, also consider the role investment can play in maximising consumer benefits across the range of factors that determine whether or not consumers are able to, and choose to, make use of public transport.

3.14 In considering how the financial resources currently deployed on concessionary fares might evolve in future to maximise consumer outcomes, there is a systems-based case for considering whether some funds might be directed more towards service provision and infrastructure. A renewed ability to invest in bus prioritisation measures via the currently paused Bus Partnership Fund, or availability of further funds for new, more reliable or more regular bus routes could improve the quality of bus services overall, for all consumers, including those eligible for concessionary fares. Such investment could potentially generate benefits in encouraging modal shift towards public transport use by reducing barriers to access for more consumers.

3.15 Given the current pressure on public finances, there are likely to be choices to be made between the level of discount offered through the NCTS and improving the overall availability of public transport more generally to make it more accessible and convenient for more consumers. There is some evidence that beneficiaries of the scheme may be willing to pay a nominal or low fee to help maintain access to concessionary fares, but more evidence on attitudes towards such a change is required. The impacts of such trade-offs for consumers – and especially those in vulnerable circumstances – will require careful evaluation.

3.16 ***There is a need for better evidence about how the NCTS impacts on the decisions and behaviours of consumers using the schemes as well as the overall effect it has on the delivery of public transport services.***

3.17 Although Transport Scotland have recently produced a Year One evaluation of the YPS concessionary scheme,³⁷ there is not yet sufficient evidence to reach firm conclusions on the impact of concessionary fares on car use. With that scheme approaching three years of operation, there is also good reason to start exploring whether its aims to encourage and embed sustainable travel behaviours in young people are effective after beneficiaries turn 22 years old. There also has not been a recent evaluation of the ODPS scheme to examine the characteristics and transport behaviours of the beneficiaries of that scheme. Finally, more research is required to understand the barriers that prevent some who are eligible for concessionary travel from using it. Improvements to the evidence base, with clear metrics for success and impact, would help provide a much clearer view of how well the NCTS is achieving its specific aims, contributing to the wider aims of Scottish Government within transport policy, and maximising the benefits that it might offer for consumers.

Principles to Be Followed When Considering the Future Development of NCTS

3.18 When considering the future development of transport policy, it is important that the needs and views of consumers are at the forefront of the policy development process. With that in mind, we suggest the following principles should be applied when considering the future shape of services.

- The Scottish Government should be **clear about the aims** it wishes to pursue with the National Concessionary Transport Scheme, and target eligibility for the schemes in a manner consistent with these aims.
- Any **changes to concessionary fares should cause the least detriment possible** to the people who are most likely to face challenges in accessing public transport or mobility more broadly.
- The **potential impact that any changes to concessionary fares could have on modal shift goals and wider climate change mitigation should be considered** when making any decisions around the future targeting of the schemes.
- When considering the need for modal shift, the impact of concessionary fares should not be considered in isolation as the available evidence indicates that **levels of service and infrastructure provision also have significant impacts on consumer behaviour**.
- **Changes should be future-focused** with consideration given to how concessionary fares will fit in with a digital, integrated and sustainable transport system.

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