

Concessionary Travel Consultation

1. INTRODUCTION

- 1.1 On the 25th of August, the Scottish Government announced its consultation¹ on Free Bus Travel for Older and Disabled People and Modern Apprentices. This consultation describes the issues that face the scheme and asks its respondents to consider these in the light of the consultations proposals.
- 1.2 Responses to this consultation is to be used to inform the development of future rules and guidance on the National Concessionary Travel Scheme in Scotland.

2. CURRENT USE

- 2.1 The scheme was developed to give older and disabled people improved access to services and promote social inclusion. With the aim of improving health and promoting modal shift from the private car. Over 1.3 million bus pass holders benefit from the concessionary scheme and make around 145 million bus journeys each year, which currently costs around £192 million a year. This usage represents a third of all bus journeys made in Scotland.
- 2.2 It is stated within the consultation that each year, around 70,000 people in Scotland reach the age of 60 (the age they are entitled to a National Entitlement Card). These numbers year on year, including the fact that people are living longer and healthier lives, means that the costs for the Scheme is likely to increase further.

3. CONSULTATION PROPOSALS

- 3.1 The consultation outlines the following proposals for consideration:
 - Make no change to the scheme, leaving the eligibility rules as they are; or
 - Raise the age of eligibility for both men and women in one step from 60 to the (female) State Pension age at the time the change is made, thereafter keeping pace with further changes in the State Pension age, which is set to increase to 67 over the period 2026 to 2028; or
 - Raise the age of eligibility for men and women progressively towards the State Pension age by annual increases of one year or half a year to the age of eligibility, taking longer to get there but lessening the impact on the expectations of individuals close to 60.

¹ https://consult.scotland.gov.uk/partnerships-and-concessionary-travel/national-concessionary-travel-scheme/user_uploads/consultation-on-free-bus-travel-for-older-and-disabled-people-and-modern-apprentices.pdf

- Making apprenticeships more accessible by offering free bus travel for young modern apprentices, with the aim of targeting those under the age of 21. Making Modern Apprenticeships more attractive to young people.
- Provide companion cards for disabled children under 5. Fixing the anomaly of companions to disabled children under the age of 5 having to pay for bus travel.

3.2 Within the consultation, the Scottish Government notes that the timing and pace of any change to the age of eligibility is as important as the change itself. This is seen as a key issue for campaign groups including Women Against State Pension Inequality (WASPI), who are campaigning against inequality for women in the way the State Pension age change is being made.

4. OPTIONS NOT FAVORED BY THE SCOTTISH GOVERNMENT

4.1 In preparation of the consultation, the Scottish Government decided, for a variety of reasons, that the following alternative approaches will not be considered as part of the exercise:

- Requiring card holders to make a small financial contribution towards the cost of each concessionary journey.
- Levying an annual charge for access to free bus travel
- Restricting use of a bus pas during peak travel times
- Having a cap on the value of individual journeys which can be free

4.2 Whilst the Scottish Government advises that it will not pursue these options at this time, they have provided an additional section within the consultation for respondents to note any comments on these or any alternative improvements to the scheme.

5. POTENTIAL CONSIDERATIONS FOR A SESTRAN RESPONSE

5.1 Within any potential response, SEStran would reiterate that it is not a Transport Authority, but a Strategic Planning Authority, and would focus its response from a Strategic perspective. SEStran does recognise that Concessionary Travel has a significant cost implication for each Local Authority, and some members may wish to comment on this element in further detail.

5.2 However, SEStran will pose the question, whether the methodology on fares needs to change. As the current system stands, it may push up fares for other passengers and potentially discourage people to try travelling by bus by having a reimbursement system focussed on a standard/single fare. As outlined in the Socio-economic Duty paper presented to the Board in August¹, the

intergenerational impact can have a detrimental effect on younger job seekers. It would be therefore recommended that any future changes in entitlement to concessionary travel must support younger people, and enable them to increased access in employment opportunities.

- 5.3** SEStran is keen to raise these strategic issues. The socio-economic duty asks particular public authorities to do more to tackle the inequalities of outcome caused by socio-economic disadvantage. SEStran would like to understand if Scottish Government intends to proactively assess impact of any changes to the scheme with regards to inequalities of outcome. An option could be to focus the delivery of the scheme on reducing inequalities of outcome assessment and address these immediate needs first.
- 5.4** In addition, in recent Model 3 discussions some members questioned the potential impact of a larger authority. The inclusion of SEStran within the scope of its socio-economic duties, might enable a mechanism for some strategic decisions to focus on communities within particular disadvantages communities. However, at present we are proposing to focus our comments on strategic issues within our consultation response.
- 5.5** It was also welcomed in the recent Programme for Governmentⁱⁱ, that the National Concessionary Scheme will continue to provide free travel to those who need it most, ensuring the scheme is sustainable in the longer term. There is also the commitment to pilot free bus travel for Modern Apprentices. The Programme for Government outlines a commitment to begin to implement the recommendations of the Independent Advisor on Poverty and Inequality second report. Some of the recommendations related to intergenerational equity and the issues of free travel for older people and the lack of similar equality for young people to improve their life chances.
- 5.6** SEStran is also keen to support the commitment by Government to provide free companion travel for eligible disabled children under five, who are not currently covered by the Scheme. This supports SEStran's Equality Outcomes 2017-21ⁱⁱⁱ. SEStran seek to make transport easier to use for all by promoting measures to further improve the safety, accessibility and equity of the transport network across the Region. SEStran also welcomes the certainty given about no one losing an existing bus pass as this contributes to social inclusion and reducing loneliness and the rural mental health issues highlighted in the Programme for Government 2017-18.
- 5.7** SEStran would insist that the scheme is suitable and sustainable for future transport demands. Busses are often vital to those on lower earnings, and provide a lower cost form of travel than rail. However, with falling bus patronage, it is of increasing concern that essential services (specifically in rural areas) may be curtailed. Further raising the issue of 'forced car ownership', where those on a lower household income must spend an increasing proportion of their earnings on running a vehicle.
- 5.8** Advances in shared services or the sharing economy should also be taken in to consideration when discussing the reimbursement of fares. The question

would be; how would a future concessionary scheme evolve to fit new models of service delivery?

6. CONCLUSIONS / RECOMMENDATIONS

- 6.1** The paper seeks to invite comment from the Board on the consultation, which will be incorporated into a response from SEStran and signed off by the Chair under delegated powers.
- 6.2** It is requested that any comments are to be sent SEStran officers by the 13th of November for collation.

Lisa Freeman
Projects & Strategy Officer
31st August 2017

Appendix 1 - Concessionary Travel Consultation Questions

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|-----------------------------|---|
| Policy Implications | Changes in eligibility for the Concessionary Travel Scheme |
| Financial Implications | Potential changes in eligibility could have implications on individual Local Authority budgets |
| Equalities Implications | Concessionary travel to be given to Modern Young Apprentices and companion travel for eligible disabled children under five who are not currently covered by the scheme |
| Climate Change Implications | Changes to eligibility could have an overall impact on bus patronage |

ⁱ <http://www.sestran.gov.uk/wp-content/uploads/2017/08/2017-08-11-Item-15b-Socio-Economic-Duty.pdf>

ⁱⁱ <http://www.gov.scot/Resource/0052/00524214.pdf>

ⁱⁱⁱ http://www.sestran.gov.uk/wp-content/uploads/2017/04/2017_04_27_Equality_Outcomes.pdf

Part 2 – Questions on options

No change to age eligibility of the Scheme

Should scheme eligibility remain unchanged ?

Do you believe that age eligibility for the Scheme should remain as it is? At present everyone resident in Scotland can get the bus pass on their 60th birthday and be able to travel for free at any time of day, for any number of journeys, on local and long distance scheduled bus services throughout Scotland.

Scheme costs have risen over the years to a little over £190 million in 2016-17. In addition, some 70,000 of us reach age 60 each year and that figure is projected to rise to 76,000 by 2021. This adds further pressure to costs, raising questions about the longer-term sustainability of the Scheme in its present form.

Even if your first preference is to make no changes to age eligibility at this time, please consider the options set out in questions 2 and 3 below.

Question 1

Do you think that we should retain the existing age eligibility criteria for the Scheme? Yes No

Please use the box below to provide details.

My comments:

Options to change the National Concessionary Travel Scheme

Raise the age of eligibility for men and women to the female State Pension age in one step

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|---|---|
| What is it? | <p>Women’s State Pension age is being equalised with men’s, so that they will reach State Pension age at 65 from November 2018. In addition, both men’s and women’s State Pension age is due to increase to 66 by 2020 and to 67 between 2026 and 2028.</p> <p>The proposal would set the age of eligibility for free bus travel at female State Pension age from 2018.</p> |
| What does it mean for me? | <p>The UK Government provides a handy calculator to check when you will reach State Pension age:- www.gov.uk/state-pension-age</p> |
| What will it cost or save? | <p>If age eligibility is raised immediately to female State Pension age from April 2018 onwards, it would reduce costs by around £10 million in the first year, increasing to around £65 million by 2022-23.</p> <p>The State Pension age will increase to 66 by 2020 and 67 between 2026 and 2028. In 2023-24, this would result in savings of around £83 million each year, increasing up to reduced costs of around £111 million in 2026-27.</p> |
| What is the justification for claimed costs/savings? | <p>Raising the eligibility age reduces the number of cardholders, resulting in fewer journeys which also reduces the cost to the Scottish Government. In 2022-23, there would be around 350,000 fewer people eligible compared to what would happen if the current age of 60 was to be maintained. In 2026-27, this would increase to around 520,000 people</p> |

Question 2

Are you in favour of raising age eligibility to female State Pension age in this way? Yes No

Please explain your answers.

Raise the age of eligibility to the female State Pension age over a number of years

What is it? Women's State Pension age is being equalised with men's, so that they will reach State Pension age at 65 from November 2018. In addition, both men's and women's State Pension age will increase to 66 by 2020 and to 67 between 2026 and 2028.

Age eligibility could be increased towards the (female) State Pension age either:-

- by one year per year; or
- by six months per year

What does it mean for me? A slower introduction might mean that people affected by the change in the early years will be eligible for their bus passes after age 60 but before the female State Pension age.

If raising the age of eligibility is done progressively for those who are currently in their mid to late fifties, it might be done in one of two ways:-

(A) If the eligible age was raised by **one year annually**, this would increase the age at which people in their late 50s would receive their bus pass but will not mean that they will have to wait until they are at State Pension age. A person who reaches age 59 in 2017 would become eligible for their bus pass on their 61st birthday in 2019, a person who reaches age 58 in 2017 on their 62nd birthday in 2021, a person who reaches age 57 in 2017 on their 63rd birthday in 2023 and so on. A person aged 54 or under in 2017 would become eligible on their 66th birthday.

(B) If the eligible age was raised by **half a year annually**, this would again increase the age at which people in their late 50s will receive their bus pass, but at a slower pace. A person who reaches age 59 in 2017 would become eligible six months after their 60th birthday, a person who reaches age 58 in 2017 on their 61st birthday, a person who reaches age 57 in 2017 six months after their 61st birthday and so on. A person aged 48 or under in 2017 would become eligible on their 66th birthday.

If the age of eligibility is simply raised without any adjustments or phasing, then someone who is 59 in 2017 would become eligible in 2024 when they reach the State Pension age.

This approach would seek to address the issue raised by WASPI and mitigate the effects of the changes on people close to the current age of eligibility by striking a better balance between the size of the change and the period of notice.

What will it cost or save?

Raising age eligibility from April 2018 by one year per year to female State Pension age would reduce costs by around £11 million in the first full year, increasing to around £40 million by 2022-23.

The slower of the two progressive approaches would reduce costs by around £5 million in the first full year, increasing to around £27 million by 2022-23.

What is the justification for claimed costs and savings?

Raising the eligibility age reduces the number of cardholders and hence the number of journeys and also costs to the Scottish Government. For example, if the age is raised by half a year per year, there are projected to be around 157,000 fewer people eligible by 2023-24 compared to what we would see if the current age of 60 was maintained.

| Potential annual cost reductions (£million) | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| (A) Age eligibility + 1 year | £11m | £11m | £24m | £25m | £40m |
| (B) Age eligibility + 0.5 year | £5m | £11m | £12m | £19m | £27m |

Question 3

Are you in favour of raising age eligibility to female State Pension age gradually over time?

Yes No

At what rate?

By 1 year per year

By half a year per year

Please explain your answers.

Free bus travel for Modern Apprentices

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|---|---|
| What is it? | Young people undertaking Modern Apprentice frameworks registered with Skills Development Scotland would be able to get free bus travel. The offer might be targeted at those Modern Apprentices under age 21. |
| What does it mean for me? | If you are a qualifying Modern Apprentice you would be able to get free bus travel. |
| What will it cost or save? | It would cost approximately £8m per year to provide free bus travel to Modern Apprentices under 21. Applying it to all Modern Apprentices would roughly double that figure. |
| What is the justification for claimed costs/savings? | There are around 20,300 Modern Apprentices aged 16-20. Based on the travel behaviour of people in this age group and the estimated uptake of the card, this would cost an estimated £8 million per year. |

Question 4

- Are you in favour of providing free bus travel to Modern Apprentices?** Yes No
- Should this be targeted at Modern Apprentices under Age 21?** Yes No
- Is there a better way to provide support to help with the travel costs of Modern Apprentices?** Yes No

If so, please specify below.

Please explain your answers.

Companion cards for disabled children under age 5

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|---|--|
| What is it? | Allow disabled under 5s to get a companion card where this is needed so that their parent/carer can travel for free. Under 5s cannot get a disabled persons bus pass as they generally travel for free. |
| What does it mean for me? | The parent or carer accompanying the child currently has to pay for their own travel until that child qualifies for a companion card on their 5 th birthday. This would allow the parent or carer to travel with an eligible disabled child under 5 for free. |
| What will it cost or save? | We believe that there around 3,210 disabled children under 5 who might benefit from a companion card. This will cost just over £600,000 per year. |
| What is the justification for claimed costs/savings? | <p>There currently are around 3,210 children in Scotland who are eligible for the Higher or Middle rate Care Award and/or the Higher rate mobility award of Disability Living Allowance (DLA).</p> <p>Based on the average numbers of journeys taken by bus pass holders and the current reimbursement cost this would cost just over £600,000 to provide equal access to companion cards for disabled children of all ages.</p> |

Question 5

Are you in favour of providing a companion card for disabled under 5s where this is needed? Yes No

Please explain your answer.

Are there any other issues you wish to raise which are not covered above?

The Scottish Government welcomes any further comments and suggestions on the Scheme and how it might be improved or made more sustainable.

Question 6

Do you have any other comments about any of the issues raised in this consultation? Yes No

If so, please use the box below to provide details.

My comments:

Part 3 - Assessing impact

Equality

- 1 In considering possible changes to the National Concessionary Travel Scheme in Scotland the public sector equality duty requires the Scottish Government to pay due regard to the need to:
 - eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010;
 - advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - foster good relations between people who share a relevant protected characteristic.

1.1 These three requirements apply across the 'protected characteristics' of:

- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion and belief; and
- sex and sexual orientation.

1.2 At this early stage it is difficult to determine whether significant effects are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely equality effects, including the impact on children and young people.

1.3 Once completed the Scottish Government intends to determine, using the consultation process, any actions needed to meet its statutory obligations. Your comments received will be used to complete a full Equality Impact Assessment (EQIA) to determine if any further work in this area is needed.

Question – Equality Impacts

Are there any likely impacts the proposals contained within this Consultation may have on particular groups of people, with reference to the 'protected characteristics' listed above? Please be as specific as possible.

Question – Children and young people

Do you think the proposals contained within this Consultation may have any additional implications on the safety of children and young people?

Business and Regulation

1.4 A Business and Regulatory Impact Assessment (BRIA) will analyse whether the proposals are likely to increase or reduce the costs and burdens placed on businesses, the public sector and voluntary and community organisations.

Question – Business impacts

Do you think the proposals contained in this Consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

Privacy

1.5 A full Privacy Impact Assessment (PIA) will be conducted to ascertain whether our proposals on delivering a consistent approach to the Scheme may have an impact on the privacy of individuals.

1.6 At this early stage it is difficult to determine whether significant privacy impacts are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely privacy effects.

Question – Privacy impacts

Are there any likely impacts the proposals contained in this Consultation may have upon the privacy of individuals? Please be as specific as possible.

Annex C

Options not favoured by the Scottish Government

A number of those with whom we have engaged in preparing this Consultation indicated a first preference for maintaining the current age of eligibility or, if changes had to be made, for alternative approaches to be taken. For a variety of reasons the Scottish Government is not minded to adopt these but they are listed below for information: -

1 Requiring card holders to make a small financial contribution towards the cost of each concessionary journey.

A fixed contribution of, say, 20p, 50p or £1 would be required to be paid for each journey undertaken. This would be relatively simple to implement and would generate significant savings. For example, a contribution of 20p per journey could save up to £17 million annually if applied to all concessionary passengers, including disabled bus pass holders as well as those qualifying on age. (Requiring a contribution only from non-disabled pass holders would reduce savings by about 10%.)

2 Levying an annual charge for access to free bus travel.

The journeys themselves would be free but there would be a fixed annual fee, for example £10 or £20. In effect, this would be like having an annual very low cost season ticket valid on all buses. Based on current usage, annual savings could be up to £13 million with a £10 charge and proportionately more for higher charges. Excluding disabled bus pass holders from the requirement to pay a charge would reduce savings by about 10%.

The Scottish Government does not favour either of these two options because they would not be consistent with the commitment set out in the Programme for Government 2016-17 to provide free bus travel for older and disabled persons. Option 1 could additionally lengthen boarding times and Option 2 would require new administrative arrangements, for example to issue reminders and process forms.

3 Restricting use of a bus pass during peak travel times.

Limiting the use of the bus pass to off-peak travel might save costs by encouraging people to travel at times when bus services tend to be less busy. This can reduce costs for bus operators and possibly alleviate overcrowding at peak times. However savings might be limited if people simply travel at different times and there could be delays to boarding times if disagreements arise over whether a journey is peak or off peak.

4 Having a cap on the value of individual journeys which can be free.

For example, all journeys made in a year up to an overall limit, such as £250, would be free. Travellers would have to pay for any additional journeys beyond this point until the end of the year. The level of savings would depend on the limit set but such an arrangement would allow costs to be controlled without the need for the present reimbursement capping arrangements. However new systems would be required to administer such an arrangement, including enabling passengers to tell easily how much travel they were still entitled to.

The Scottish Government is not minded to pursue either of these options at this time given the potential implementation and operational issues.

You may wish to use the box below to provide comments on these or any other way in which you believe the long-term sustainability of concessionary travel could be achieved, as well as other comments you may wish to make for improvements to the scheme.

My comments: