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Fair Fares Review

Supporting Paper 1: Public Transport System Analysis

Contents

Introduction

The context for the Fair Fares Review is an extremely challenging one. In terms of both the changing demand for transport and funding available for transport over the medium term, as well as likely wider societal changes in the longer term. The purpose of this paper is to set out some of that context in more detail and to therefore help inform a discussion of the factors which influenced the Review.

The paper gives a high-level overview of three major factors that decision makers must consider as part of the Review. Firstly, the wider economic context with inflation and cost of living affecting both users of transport as well as the costs of delivery. Secondly, the budgetary context with both capital and resource budgets facing severe constraints as part of Budget 2024/25 and thirdly an examination of the longer-term demographic pressures facing Scotland. Finally, it will consider some of the major changes that have been seen in transport usage since the pandemic, and some of the challenges and opportunities that these changes have created.

This context does not diminish the ambition of the Fair Fares Review. Indeed, in many respects it makes the work of the review more essential, with the Review addressing many of the issues that are discussed in this paper. It does however provide context for why a focus on value for money as part of the Review is essential and gives an indication of the difficult challenges and constraints that have to be considered in making the recommendations.

Economy and Budget Context

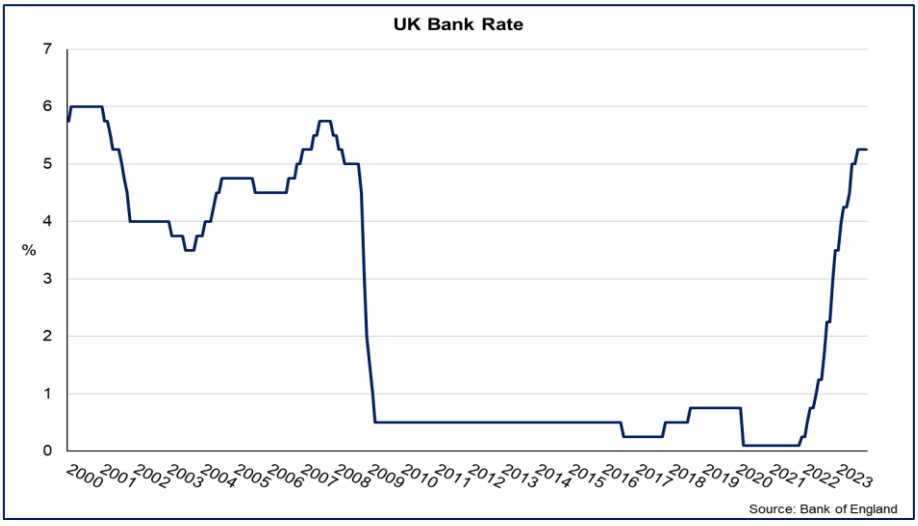
Economy and Cost of Living - Context

UK CPI inflation measured 3.9% in the 12 months to November 2023, continuing its downward trend and down from 4.6% in October. As evidenced within Consumer price inflation, UK - Office for National Statistics, high Inflation has been a key feature of the UK economy over the past 24 months, peaking at 11.1% in October 2022, the highest rate in over 40 years. Whilst inflation is now around twice the official Bank of England target of 2%, the period of sustained price rises continues to impact on the people of Scotland.

In response to inflation and wider economic data, the Bank of England have gradually raised Bank Rates, which although now held constant, at 5.25%, reflects a series of rises that began since December 2021 when the rate was 0.1%. The Bank Rate remains at its highest level since 2008 and is expected to remain at restrictive rates to support the fall in inflation back towards the 2% target in the medium term.

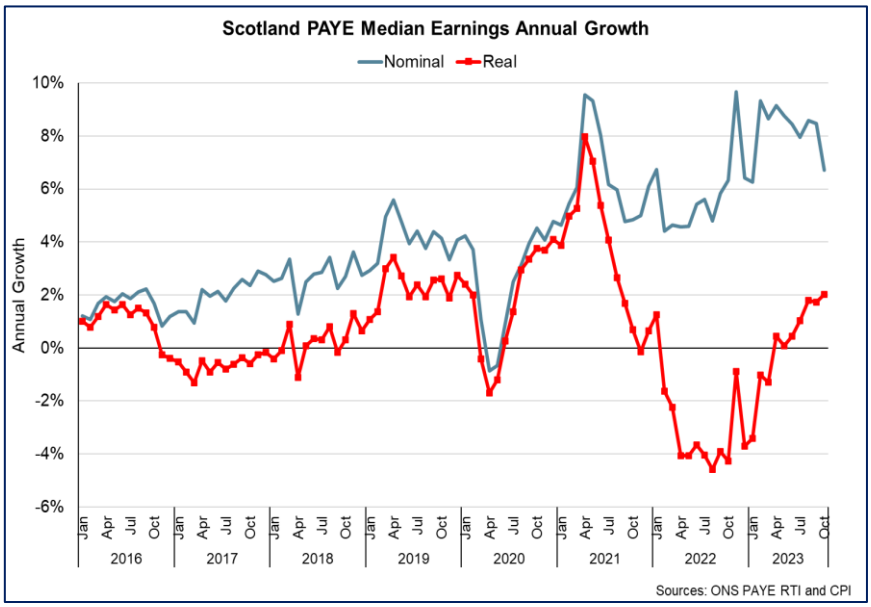
The below graph shows the changing UK Bank of England rates between the years 2000 and 2023. Source - Monetary policy | Bank of England.

Figure 1 - Bank of England Base Rate



In terms of earnings, PAYE median monthly nominal pay grew 6.7% over the year in October, slightly slower than in recent months, and grew by 2% in real terms once adjusted for inflation. This is the strongest real terms growth since August 2021. But earnings fell in real terms over the course of 2022 and much of 2023.

Figure 2 - Scotland PAYE Median earnings annual growth



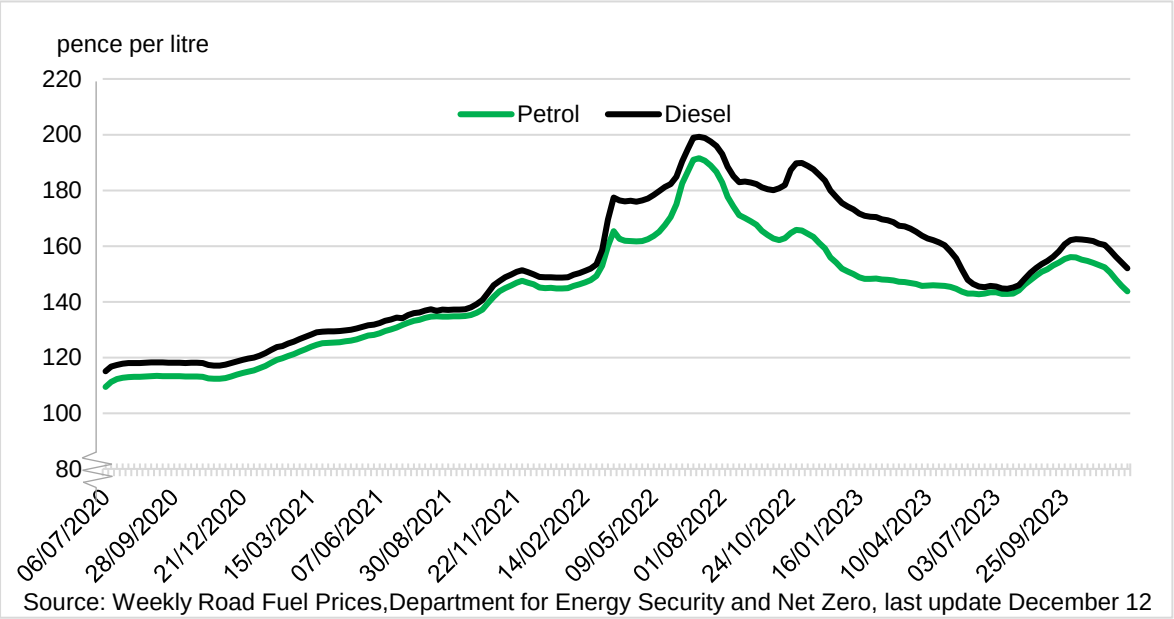
The economic outlook remains challenging. The Scottish Fiscal Commission latest forecast is for Scotland's economy to grow 0.2% in 2023, rising to 0.8% in 2024. Scotlands-Economic-and-Fiscal-Forecasts-December-2023-Summary.pdf

The latest OBR Economic and Fiscal Outlook https://obr.uk/economic-and-fiscal-outlooks/ notes that the UK economy recovered its pre-pandemic level at the end of 2021 and was 1.8 per cent above it in mid-2023. One major factor driving growth was high levels of net migration, with Real GDP per person remaining 0.6 per cent below its pre-pandemic peak and in the OBR's central forecast it only recovers that peak at the start of 2025.

Despite the UK Government's Energy Price Guarantee, energy prices have risen dramatically since 2020 and are forecast to remain high in future years: Scottish Government modelling estimates that there are around 860,000 (35%) fuel-poor households in Scotland, of which 600,000 (24%) will be in extreme fuel poverty.

The cost of motoring has also rapidly increased particularly through the rising cost of petrol & diesel, as seen in Figure 3 albeit both Petrol and Diesel prices are now lower than in Summer 2022.

Figure 3 - Average UK Retail Pump Prices



Source: Weekly Road Fuel Prices,Department for Energy Security and Net Zero, last update December 12

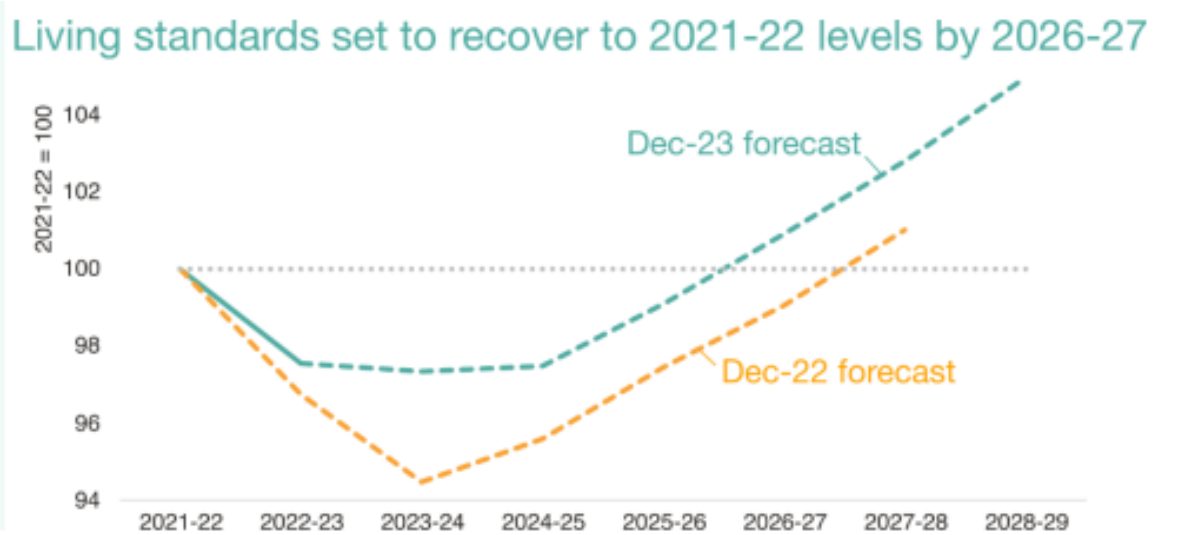
These factors combined have resulted in the greatest fall in living standards (as measured by the real value of disposable income per person) since records began in the 1950s. Even with a forecast of inflation returning to lower levels, the OBR do not forecast that real disposable income per person will recover to its 2021-22 level until 2027-28.

Economy and Cost of Living – Forward Look

At both a UK and Scottish level, fiscal forecasters predict that economy is predicted to recover slowly. For example, at a UK level, the OBR's central forecast only sees GDP per capita recover to its pre-pandemic peak at the start of 2025 while real disposable income per person will not return to its 2021-22 level until 2027-28.

In Scotland, due to strong earnings growth, SFC have revised up their forecasts of real disposable income per person. Despite this, the drop between 2021-22 and 2023-24 is the largest reduction in living standards since Scottish records began in 1998. See Figure 4.

Figure 4 - Living standards – Real disposal income per capital - Scotland



Source – [Scotland's Economic and Fiscal Forecasts – December 2023 – Scottish Fiscal Commission]

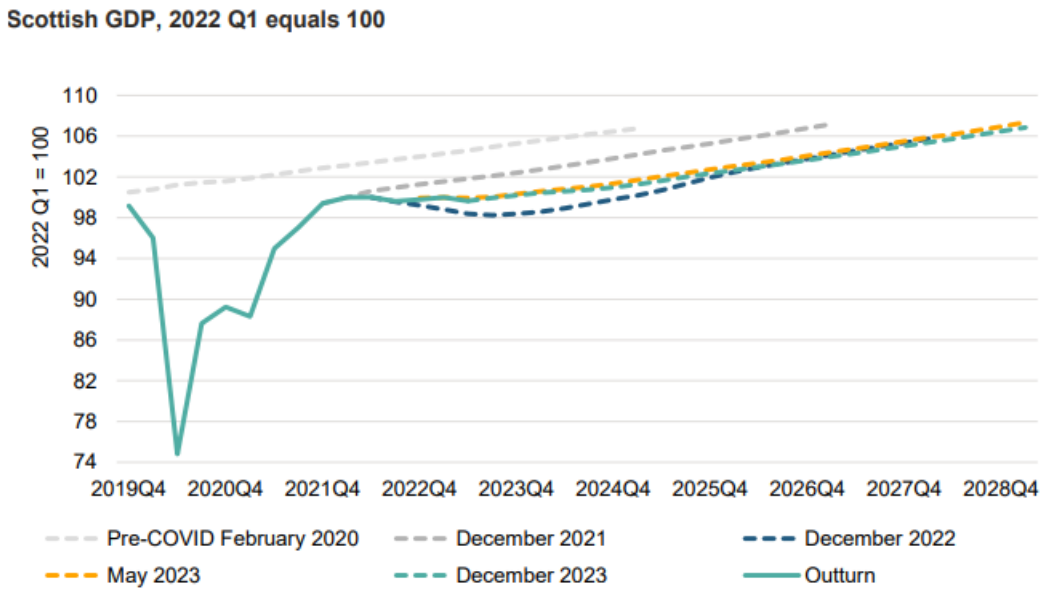
While on average they forecast living standards to remain broadly flat in 2024-25, the outlook will vary across different household types. There are particular pressures on lower-income households, as they spend a larger share of income on essentials such as energy, food, and housing costs.

Lower-income households and some mortgage holders are likely to see a further fall in their living standards in 2024-25, while higher-income households who tend to have larger savings are likely to see a boost to their living standards from rising savings income.

The weak outlook for GDP in the near term prolongs a period of economic stagnation over the last two years. Following recent upward data revisions, Scottish GDP is now estimated to have returned to its pre-COVID 2019 Q4 level in 2021 Q4, but growth has largely been flat since then with some volatility from quarter to quarter.

Although SFC no longer have a technical recession (2 consecutive quarters of falling GDP) as part of their central forecast, the overall environment remains one of slow and fragile economic growth in the near term.

Figure 5 - Scottish GDP



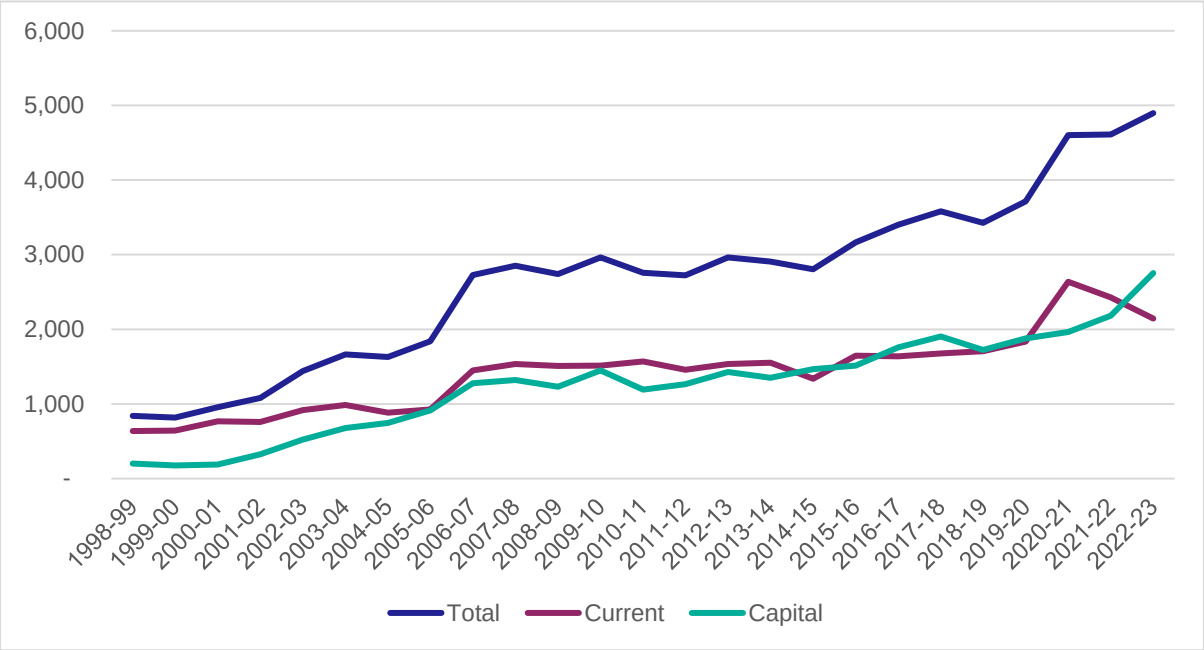
Budget Constraints – Context

Context: Historic Trends in Transport Expenditure

Government Expenditure and Revenue Scotland is a useful lens for looking at how the overall volume of transport expenditure in Scotland has changed over the longer term. The most recent publication covers the period 1998-99 to 2022-23. Over this period, Transport expenditure has increased in both cash terms, real terms and as a percentage of total public sector expenditure in Scotland. However, the narrative depends on the time period that is analysed.

Figure 6, below looks at cash terms expenditure over time. Broadly speaking there is a growth in both current and capital spending. Early in the time series capital spend grew faster than current spend. From 2005-06 there is a similar trend in both spend types up to the point of the pandemic. Over this period Current expenditure rises from £926 million in 2005-06 to £1,836 million in 2019-20 (an increase of 98%), while capital expenditure rises from £913 million in 2005-06 to £1,879 million (an increase of 106%). Over the pandemic capital expenditure continued to rise, while current expenditure spiked in 2020-21 and has fallen back since – this is driven in part by the need to respond to a drop in revenue generated by public transport while coronavirus restrictions were in place.

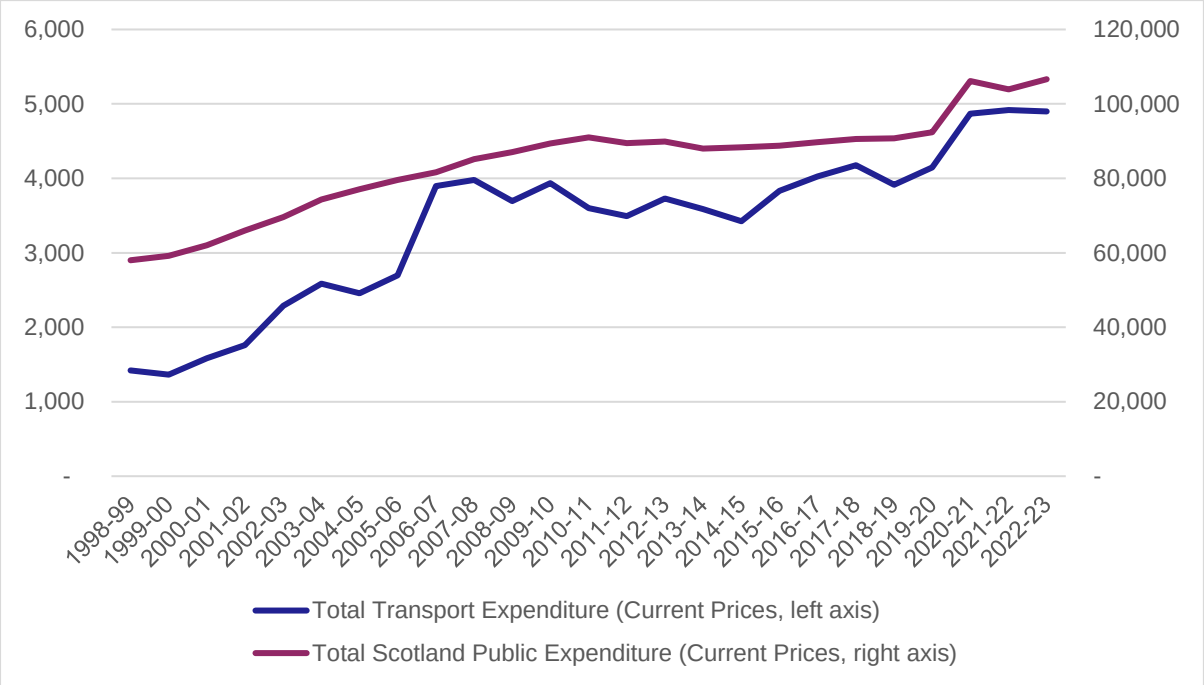
Figure 6 - Transport Expenditure in GERS - 1998-99 to 2022-23 (£millions)



While Figure 6 does not account for inflation and budgetary pressures, Figure 7 and Figure 8 do and present more nuance, and set out more of the context in which transport budgets have been set.

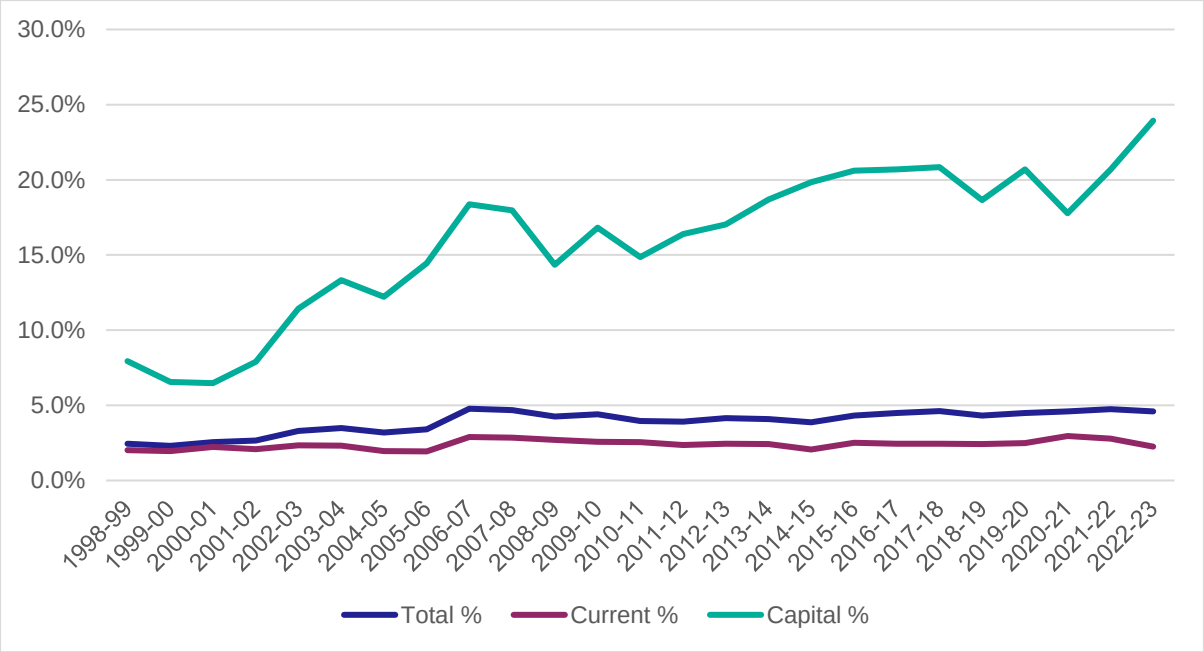
Figure 7 shows the real terms growth in both the total public expenditure in Scotland (on the right axis) and total transport expenditure (on the left axis). Here we can see that trends and overall rises have been similar since the mid-2000s.

Figure 7 - Total and Transport Expenditure (GERS, including Capital and Current Expenditure) in current prices (£millions in 2023 prices using GDP Deflator)



Finally, Figure 8 shows the % of total public expenditure accounted for by transport, split by type of expenditure. Here we see that total expenditure remains at a relatively stable level since the mid-2000s. In each year from 2006-07 to 2022-23, Transport has accounted for between 3.9% and 4.8% of total expenditure in Scotland. However, this masks a significant growth in the proportion of capital expenditure accounted for by transport, given the relatively small role of capital in terms of overall spend. By the late 2010s, transport capital expenditure has grown to take up around 20% of capital expenditure in Scotland, and this rises to almost 24% in 2022-23.

Figure 8 - Transport Expenditure in GERS as a % of Total Expenditure by Expenditure Type - 1998-99 to 2022-23

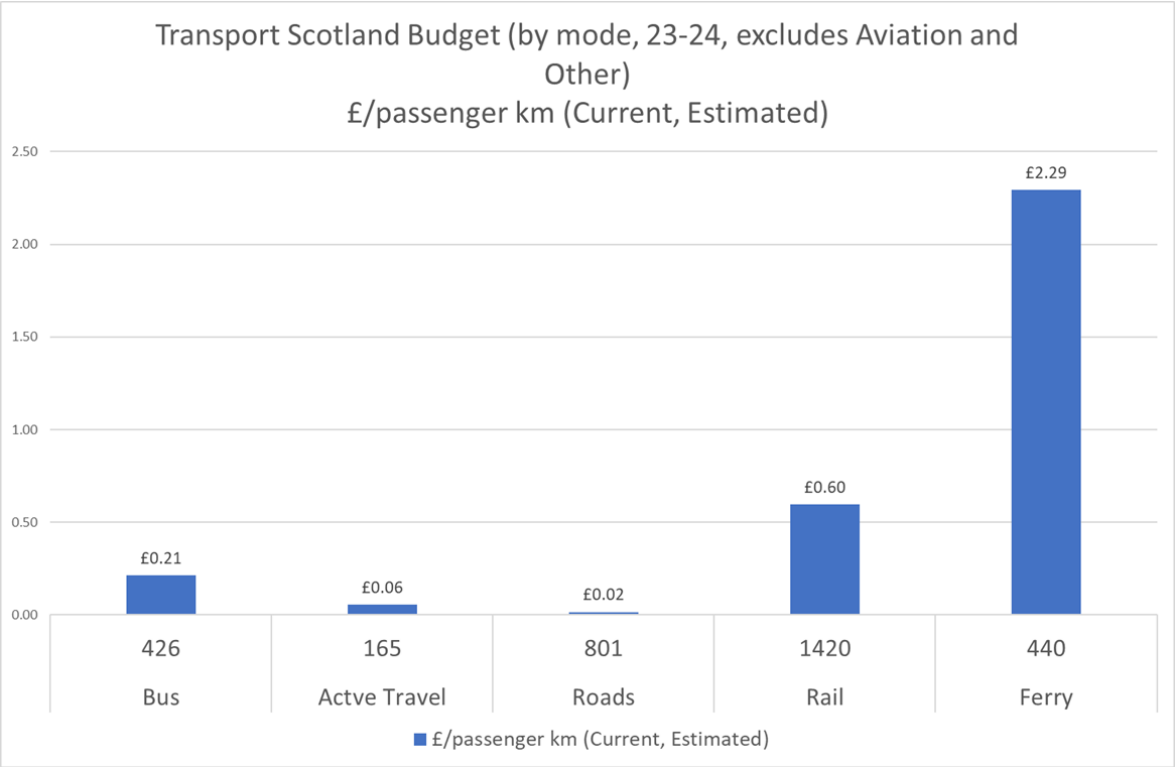


This context broadly sets out that, while transport spending has grown, it has done so broadly in line with other areas of public expenditure in Scotland. It also shows us that, relative to other areas, Transport has a high concentration of capital expenditure.

Context: The split of expenditure between different transport modes

Figure 9 shows how the Transport Scotland budget (for 23-24) is split across modes on a £/passenger km basis. This needs to be treated with some caution as it is estimated, subject to considerable variation (especially for Active Travel) and does not account for freight (Ferry, Road, Rail), and Buses using (trunk) roads. The key issue is that the Transport Scotland budget is a mixture of revenue and capital support – expenditure on roads is primarily capital around the maintenance and enhancement of an asset, expenditure on bus is primarily revenue support (through concessionary fares to people and network support grant to operators) and rail and ferry are a mix of infrastructure investment and support for services. As such, in some sense the figures are not directly comparable, but the differences are interesting. To note that Rail, Active Travel, Ferries and Road include aspects of capital investment and the subsequent generation of assets so not a directly fair comparison with Bus.

Figure 9 - Transport Scotland Budget by mode passenger km

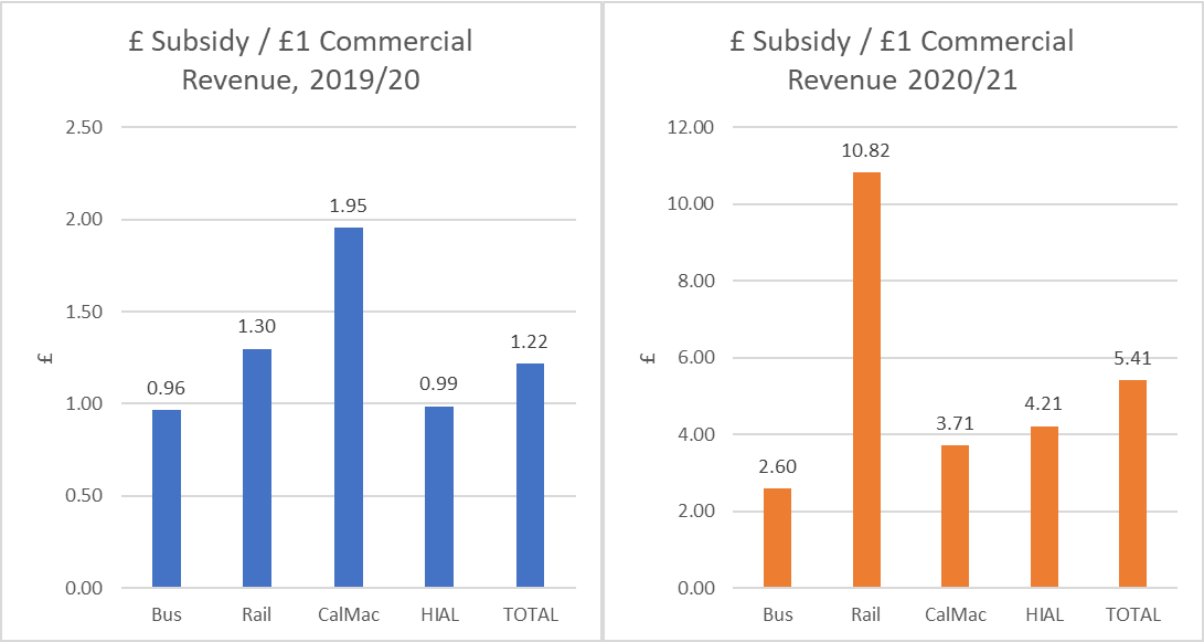


Broadly speaking, Transport Scotland spend 3 times as much per passenger km on active travel (6p/km), than on roads (2p/km) and over ten times as much on bus (21p/km) than on (trunk) roads. Rail expenditure per passenger km (60p/km) is around three times that of bus and expenditure per passenger on ferries is around £2.30 per passenger km which reflects the nature of the ferry system as a lifeline service crucial to island and other communities.

Context: The role of subsidy versus the role of fare (and other) revenues in funding transport in Scotland

One key consideration for transport funding is that it is often made up of two parts – especially for transport modes where revenue is raised via fares paid by members of the public that use public transport. Depending on the mode of transport fares make up a significant part of the overall funding. However, this varies significantly from mode to mode, and it is less easy to draw up a robust summary and comparison of trends over time.

Figure 10 - Subsidy vs commercial revenue by mode

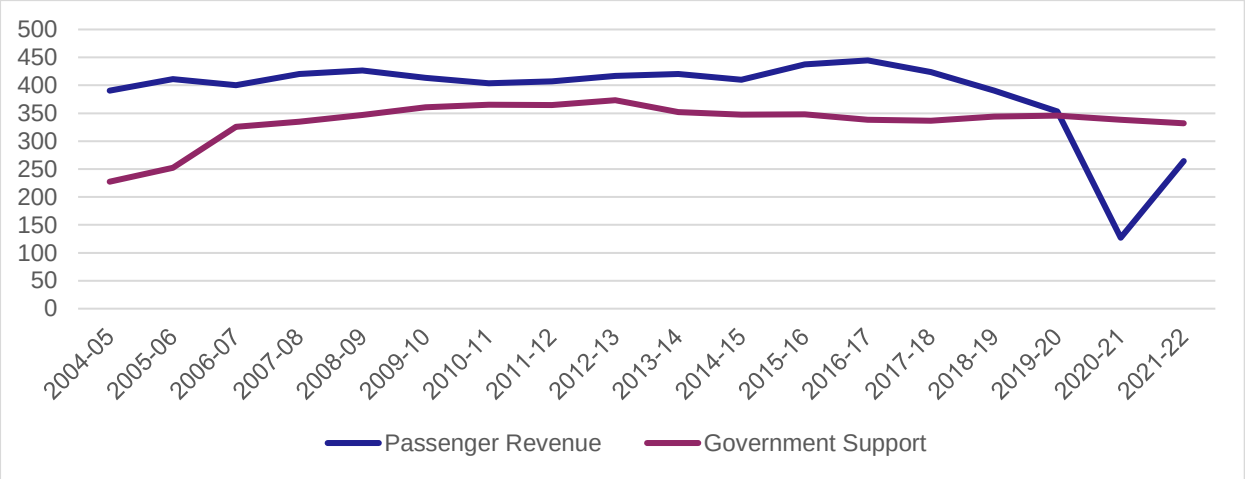


Pre-Covid 19 all modes got at almost as least as much from subsidy as commercial revenue. The impact of COVID was to hugely increase Public Transport subsidy, particularly for rail. This analysis requires publication of commercial accounts and the position for 2022/23 (latest available in most cases) was still influenced by C19 support, so adds little to the analysis.

Note that for rail, ScotRail were specifically asked to run circa 60% of services during lockdown, to provide travel for key workers, despite passenger services being very low.

For local bus services, Scottish Transport Statistics reports on passenger revenues and government support over time. Figure 11 below describes trends in both revenue streams:

Figure 11 - Local Bus Service Passenger Revenue vs Government Support - Constant (2021) prices - 2004-05 to 2021-22



One of the obvious points from this chart is that passenger revenue fell dramatically during the pandemic and has not recovered since. This is in common with knowledge about other transport modes, although it's not always possible to produce a similar chart/analysis due to a lack of comparable data on passenger revenue over time. Another key point is that, even prior to the pandemic, passenger revenue was declining as a proportion of total funding, going from a majority of funding to accounting for around 50% of funding. This ratio varies dramatically across transport modes even before taking into account the impacts of the pandemic. For example, CalMac annual reports and accounts show passenger revenue accounting for between 21% and 35% of total revenues over the past 4 accounting years (2019-2022).

See Calmac Annual Reports. Specifically, page 21 of the 2020 annual report, page 13 of the 2021 annual report and page 24 of the 2022 annual report were used to establish a time series.

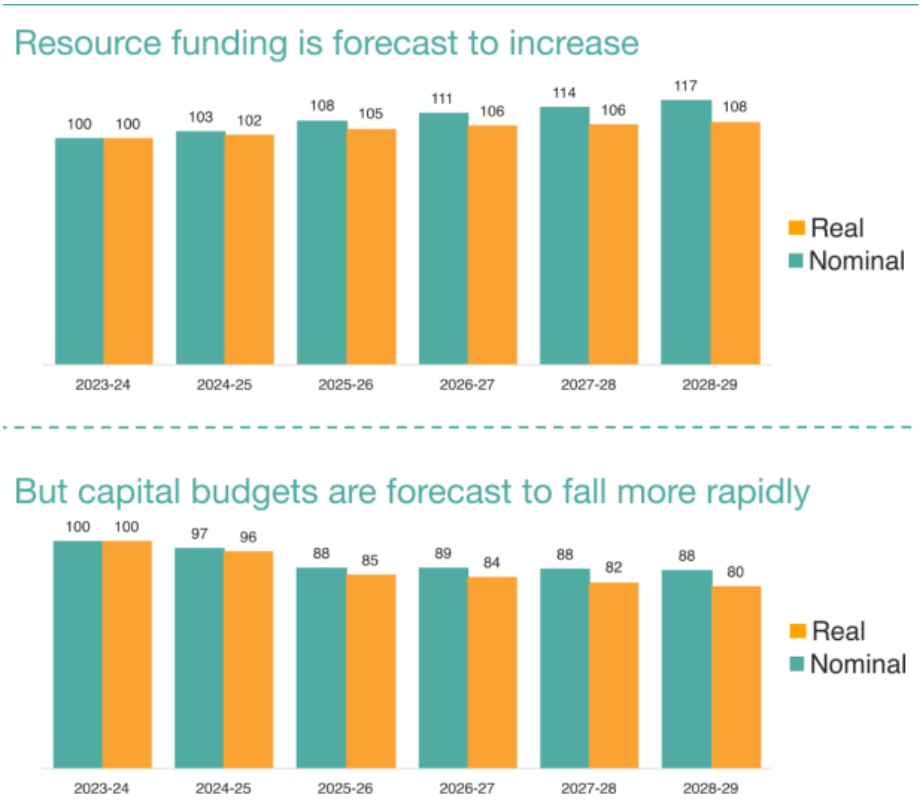
Budget Constraints – Forward Look

The Scottish Fiscal Commission published revised fiscal forecasts for the Scottish Budget on 19th December. Resource funding is forecast to rise over the next 5 years by 17% in nominal terms. After taking into account projected inflation, this is a rise of 8% by 2028-29. However capital funding is forecast to fall by 12% in nominal terms and 20% in real terms over the same period.

Source - Scotland's Economic and Fiscal Forecasts – December 2023 – Scottish Fiscal Commission.

As detailed above, the SG resource budget is forecast to increase from £47.6 billion in 2024-25 to £54.0 billion in 2028-29 but £1.7 billion of this increase is forecast to be required for social security and demographic pressures mean that there will be a greater requirement for Health and Social Care expenditure over the period as well.

Figure 12 - Fiscal outlook, nominal and real



Source – Scottish Fiscal Commission

For capital, funding is forecast to fall from £6.2 billion in 2024-25 to £5.6 billion in 2028-29. Whilst this is obviously dependant on the policy decisions of future UK governments it represents a stark fall in investment, especially when considered in real terms.

The 2024-25 draft Scottish Budget projects spend of over £3.87 billion on transport across Scotland. Given the worsening outlook for capital, it will take more time to prepare the multi-year capital allocations and to refresh the infrastructure investment pipeline.

However, despite these constraints, we will invest almost £308 million in Active Travel, Low Carbon and Other Transport Policy in 2024-25, over £1.6 billion to operate, maintain and improve Scotland's railway, over £1 billion for our critical safety, adaptation, maintenance and improvement priorities on the Trunk Road

network and £526 million to expand our vital support for rural and island connectivity.

In terms of resource spend, the main items are support for bus with £370m allocated for concessionary fares and £50m for the Network Support Grant.

Summary of Transport in the Scottish Draft Budget 24-25.

- We will invest around £224 million to support high quality active travel infrastructure, sustainable travel integration and behaviour change investment to promote walking, wheeling, and cycling for everyday shorter journeys. This includes local government funding for Cycling, Walking Safer Routes.
- We are providing close to £36 million to support key low carbon transport initiatives, growing and developing electric charging infrastructure to accelerate the switch to zero emission vehicles and supporting decarbonisation of the bus sector.
- We are investing £147 million in a prioritised programme for Scotland's Railway that includes Major Project Enhancements such as East Kilbride Improvements and the Levenmouth Rail Link, alongside development work for further electrification.
- We will invest £488 million on the maintenance, safe operation and renewal of the Scottish rail network.
- We will provide budget of almost £966 million to support the provision of the ScotRail and Caledonian Sleeper passenger rail services which includes the funding of fixed track access charges to Network Rail to support the maintenance, operation and renewal of the network.
- This includes additional budget to extend the Peak Fares Pilot an additional three months to the end of June 2024.
- We will focus our investments on the highest priority safety critical maintenance of our trunk road network, ensuring resilience to severe weather events and to deliver on our commitment to maintain a safe and reliable trunk road network.
- Spend on trunk road network safety, adaptation, maintenance and improvement will enable us to meet all our contractual and legal commitments as well as support our wider commitments on road safety, air quality and climate change adaptation.
- We will continue to progress with design and further development of our existing major infrastructure projects to achieve agreed improvements to existing routes including critical work on the A83 at the Rest and Be Thankful, and the A9 between Tomatin and Moy.
- We will spend £434 million in 2024-25 to support our lifeline ferry services, connecting our vital island communities and delivering grant support for priority harbor projects.

- We are supporting Highlands and Islands Airports Limited (HIAL) with a total budget of up to £61.7 million to maintain and operate rural and island airports and to reflect the profile of their capital plans.

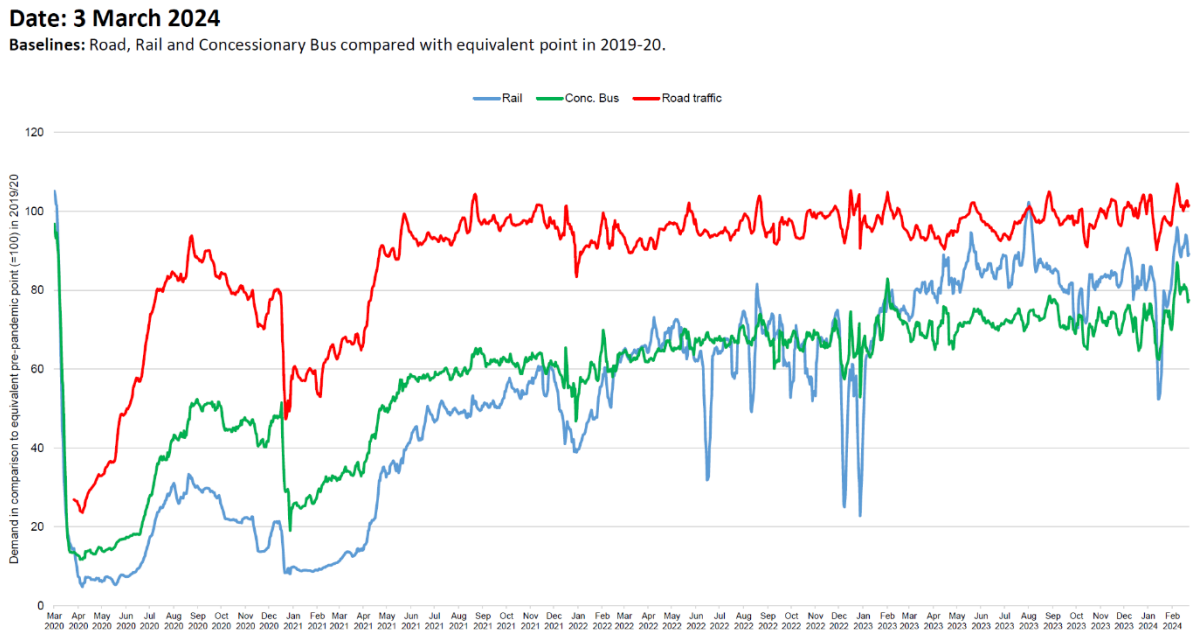
Public Use of Transport – Trends and patterns

Weekly transport trends conclude that in the week ending 3 March 2024, rail patronage was down 11% on the equivalent week in 2020, pre-pandemic.

Concessionary bus travel patronage excludes the Young Person's Free Bus Travel Scheme (Under 22's scheme). It was down 23% on the equivalent week in 2020, pre-pandemic.

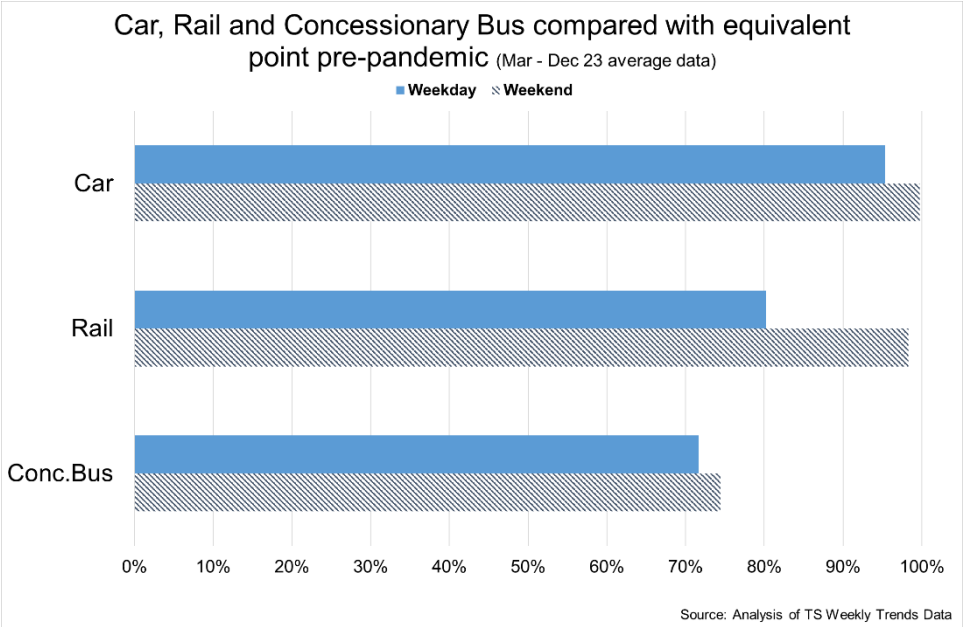
Car traffic was up 1% on the equivalent week in 2020, pre-pandemic.

Figure 13 - Travel trends compared with pre-pandemic levels



Compared to its equivalent pre-pandemic point, car, rail and concessionary bus, demand has recovered stronger on weekends than on weekdays however there are distinct differences in the extent of the recovery across modes.

Figure 14 - Changes in weekday and weekend demand since Covid

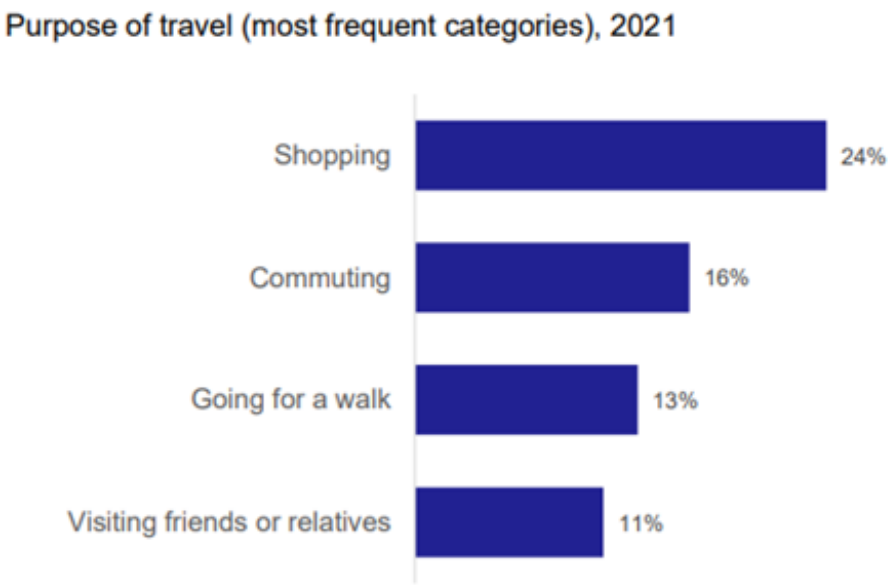


Private car demand has largely recovered however evidence suggested a shift away from commuting patterns with larger volumes of traffic on the weekend. Over the course of 2023, there was further recovery in both rail and concessionary bus use. On weekdays, the volume of rail travel is higher than concessionary bus, relative to pre-pandemic (80% and 72% respectively). In 2023, all bus travel was on average 90% of the volume of travel in the week 2nd – 8th March 2020.

How and why people travel

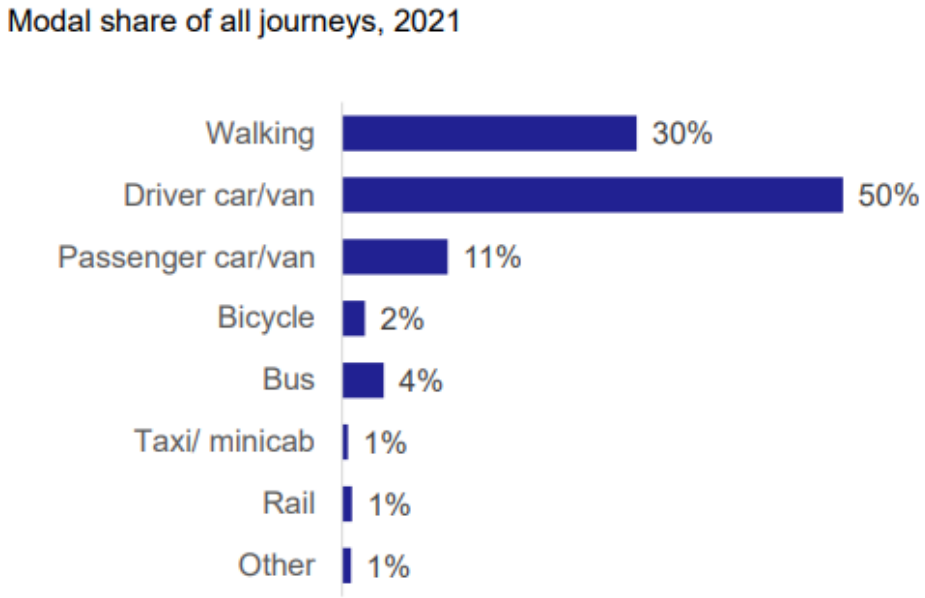
Data from Transport and Travel in Scotland 2022 allows an exploration of how and why people travel and how this varies across different groups of people. The most frequent purpose of a journey (24%) is shopping, followed by commuting (16%) with “going for a walk” (13%) and visiting friends or relatives (11%) being the next most common reasons. See Figure 15.

Figure 15 - Purpose of travel - most frequent categories



This is reflected in the mode share of all journeys with slightly less than a third (30%) being walking, and a half being by being the driver of a car/van. This compares starkly with the 11% of journeys as a passenger in a car/van and the small shares of cycling (2%), bus (4%) and rail (1%). See Figure 16.

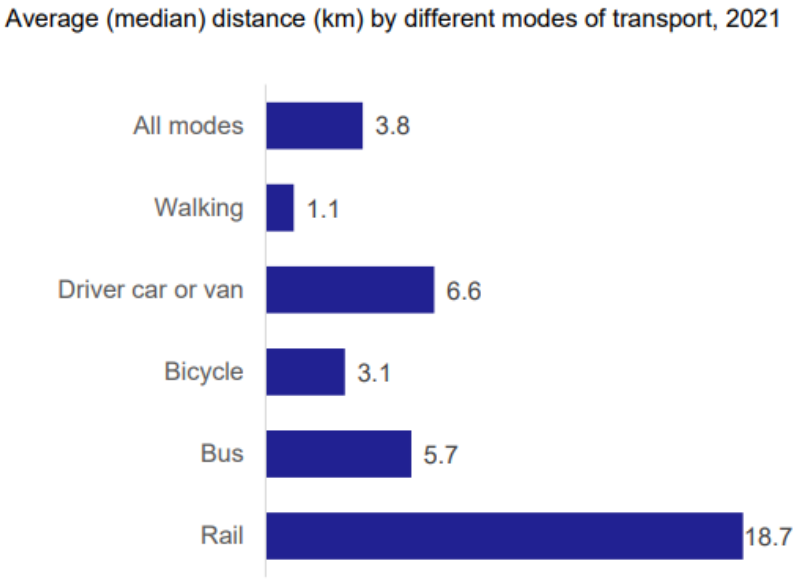
Figure 16 - modal share of all journeys 2021



These differences are also reflected in the average distance travelled by the different modes. Compared with an overall median of 3.8km, walking (1.1km) and cycling (3.1km) trips are shorter than average whilst bus (5.7km) trips tend to be shorter

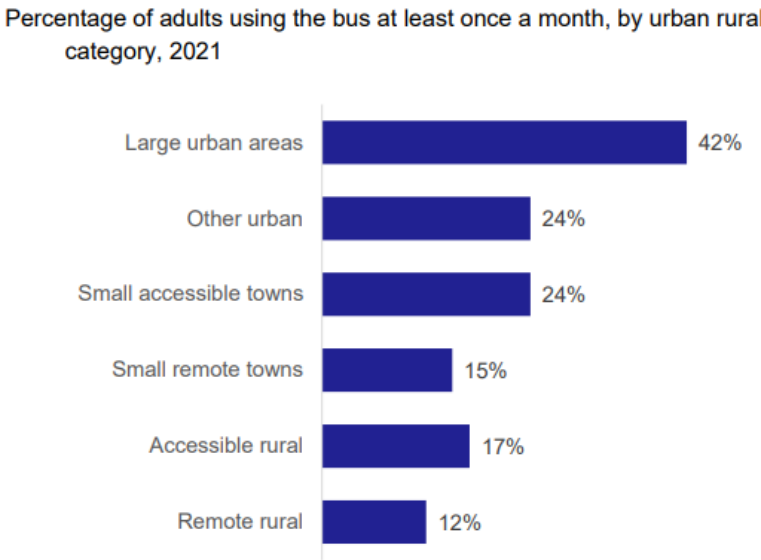
than those by car (6.6km) and rail trips at an average of 18.7km tend to be the longest of all. See Figure 17.

Figure 17 - Average distance (km) by mode



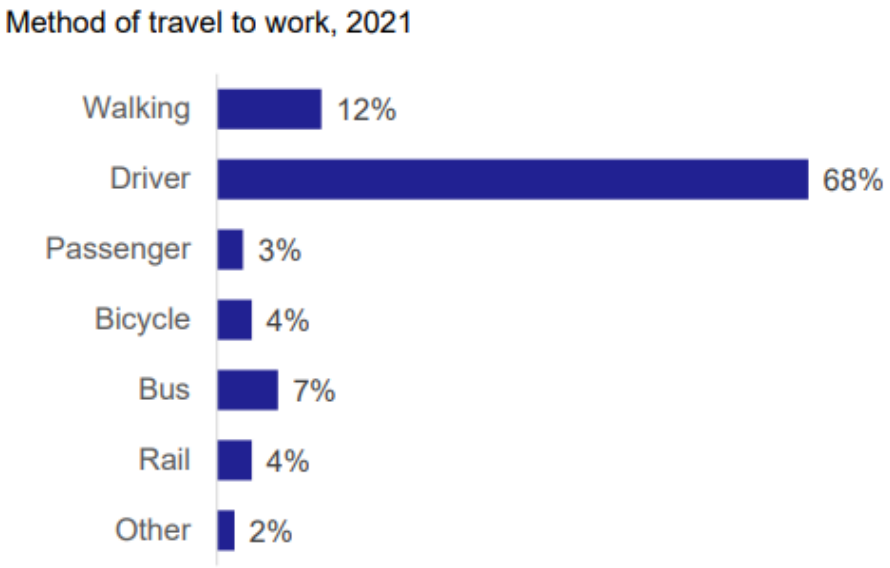
These travel patterns vary significantly. For example, whilst 42% of people in large urban areas use the bus at least once a month this falls to 24% in other urban areas and 12% in remote rural areas. See Figure 18.

Figure 18 - Bus use by urban rural category



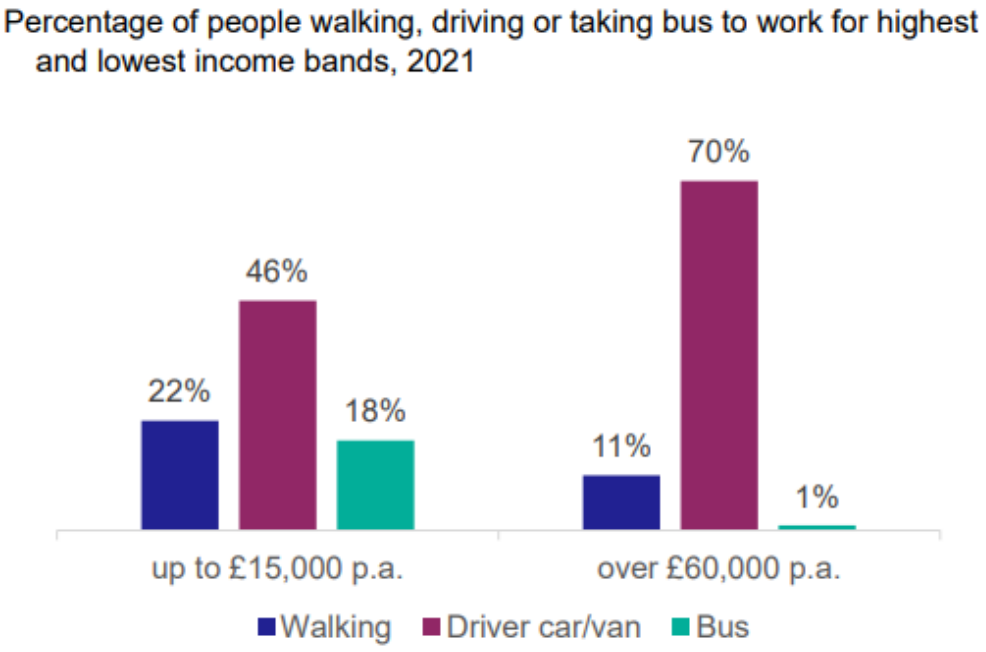
Looking specifically at commuting, the majority (68%) of people commute as a driver (with only 3% as a passenger) with 7% using the bus and 4% using rail or cycling whilst 12% of commutes are via walking. See Figure 19.

Figure 19 - Method of travel to work



But even within commuting, these patterns vary significantly by income. Those on low incomes are twice more likely to walk (22%) than those on higher incomes (11%) and are 18 times more likely to use the bus. Commuting by car is also significantly more common for those on high incomes (almost 3/4 of trips) than those on low incomes but car use even amongst the poorest still accounts for almost half of commuting trips. See Figure 20

Figure 20 - Commuting mode by income



Public transport services and patronage levels

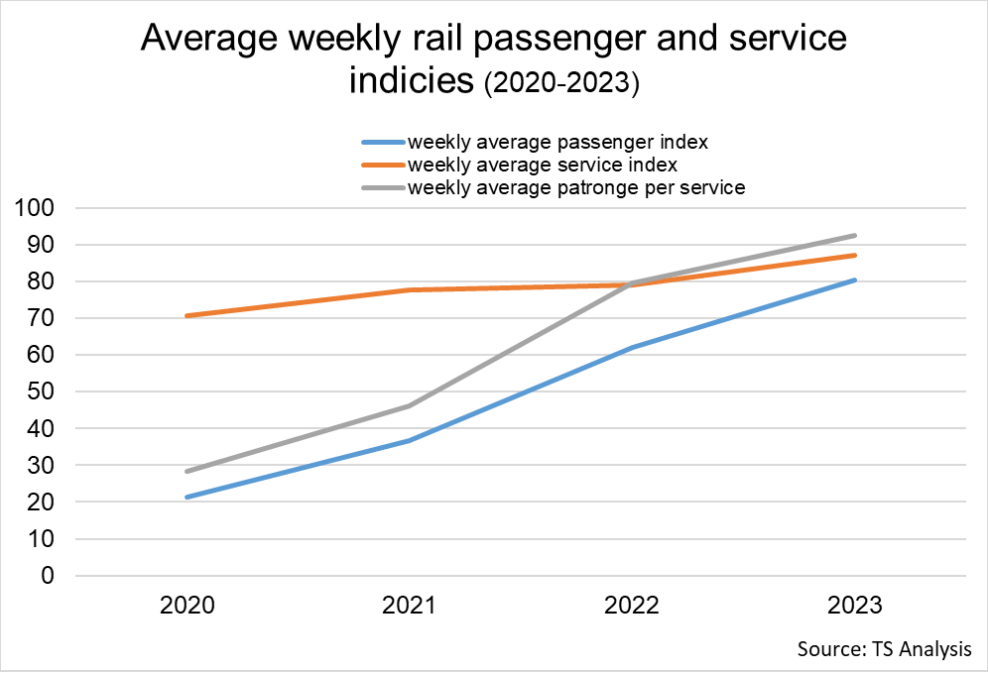
This section compares both services and patronage levels against pre-covid levels. This allows comparison against patronage over the years 2020-2023.

Note, bus data is indexed to a fixed week in March 2020 pre-pandemic whereas weekly rail data is relative to the equivalent pre-pandemic week in 2019-20. Bus comparison is based on ticketer data which covers commercial as well as subsidised bus travel excluding some operators. This is different to concessionary bus travel data shown in trends reports due its timely release.

Rail

In 2023, planned rail service levels remain on average 13% below the pre-pandemic levels. Rail patronage per service increased significantly through the course of 2023, and was 92.5%, up from 79.6% in 2022. There is emerging evidence that the is a shift in patronage towards Additional leisure travel, particularly at weekends.

Figure 21 - Rail passengers and service levels

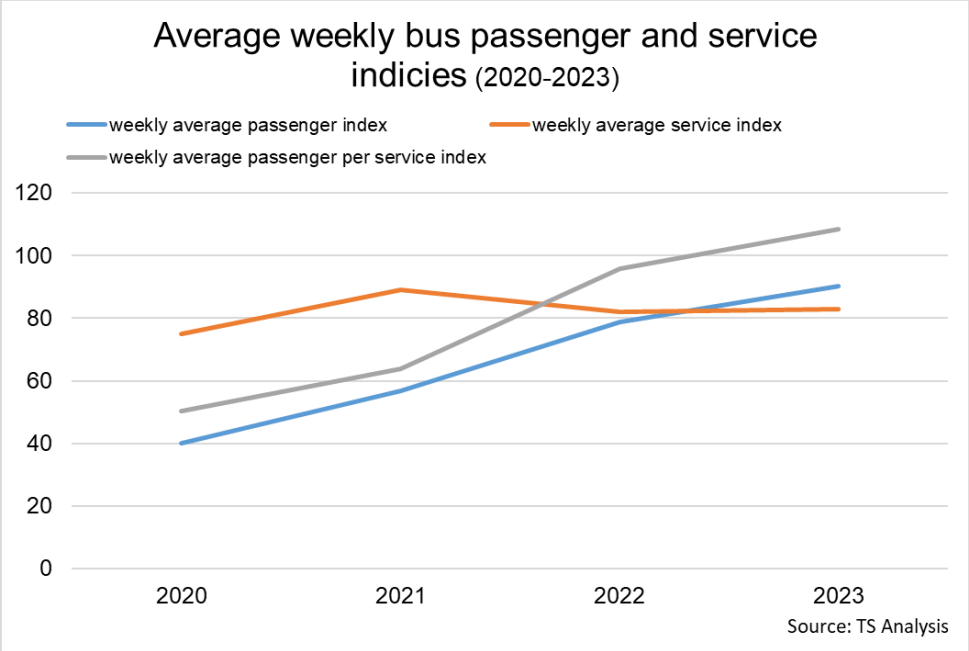


Bus

In 2023, bus services remain below pre-pandemic levels, operating at an average of 83% of the pre-pandemic level. Introduction of the Covid-19 Support Grant in June 2020 resulted in an uplift of service levels from the initial pandemic-related

low, it has since been replaced with the Network Support Grant aiming to keep networks more extensive than would otherwise be the case. Bus services are now operating around 17% below pre-pandemic levels on average, slightly below rail which is operating at approximately 13% below. Due to lower service levels in 2023, combined with a recovery in demand following the easing of Covid-19 restrictions and the introduction of free bus travel for under 22s, the average passenger per service index has exceeded the pre-pandemic passenger per service index since August 2022.

Figure 22 - Bus indices (equivalent day in week beginning 2 Mar = 100)



Air Travel

In 2022, the volume of air passengers at Scottish airports was 21.5 million. This remains 26% below the pre-pandemic level of 28.9 million in 2019. Eurocentral forecast compared to the 2019 traffic levels, for the network: the number of flights is expected to react 92% in 2023, 98% in 2024 and 100% by 2023. See PowerPoint Presentation (eurocontrol.int)

On a monthly basis the Eurocentral forecast anticipates reaching 100% of 2019 during summer 2024. On a monthly basis the volume of air passengers at Scottish airports in September 2023 was 25.2 million, down from 29.1 million in September 2019, a decrease of 13%

In 2022, there was 1.3 million passengers at HIAL airports, down from 1.6 million in 2019, a decrease of 20%. On a monthly basis, there were 1.4 million passengers at HIAL in September 2023, down from 1.6 million in September 2019 (12% decrease).

Demographics and the future

The population of Scotland was estimated to be 5,436,600 on Census Day 2022, according to data released by National Records of Scotland (NRS). This is the largest population ever recorded by Scotland's Census and is part of the first set of statistics from the 2022 census

The population of Scotland grew by 141,200 (2.7%) since the previous census in 2011. This is a slower rate of growth than between 2001 and 2011, when the population grew by 233,400 (4.6%). Without migration the population of Scotland would have decreased by around 49,800 since 2011.

The other UK censuses showed higher rates of population growth than in Scotland. The population increased by 6.3% in England and Wales, and by 5.1% in Northern Ireland between 2011 and 2021.

The data also highlights Scotland's ageing population, with over one million people aged 65 and over (1,091,000). This is over a quarter of a million higher than the number of people under 15 (832,300). The number of people in older age groups (65 plus) increased by 22.5% since 2011.

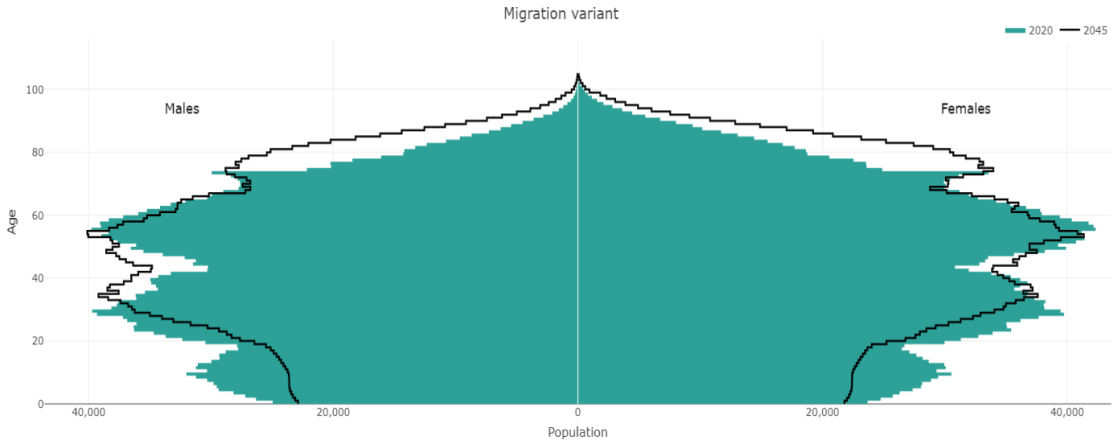
As context, results from the 1971 census show there were twice as many people under 15 than 65 plus, and in 2011, the two age groups were of a broadly similar size.

On census day there were 2,509,300 households with at least one usual resident. This is up 136,500 (5.8%) from the 2011 census. The increase in the number of households (5.8%) is higher than the increase in the population (2.7%).

This census data will be used to update the current population and household forecasts. The current population forecasts are 2020 based (before the census was undertaken) and will be updated during the course of 2024. The forecasts are similar to the census for 2022 (but do not yet fully reflect the extent of population aging captured by the census).

The following diagram shows the age distribution of the Scottish population in 2020 and the currently projected distribution in 2045. This is the current recommended variant which includes relatively high levels of migration. As migration tends to be from younger people, any fall in migration will likely further impact on the projected aging of the population.

Figure 23 - Scotland population profile 2020 and 2045



Source: NRS [Population projections of Scotland - National Records of Scotland (shinyapps.io)]

Transport Challenges and Opportunities

There are transport specific challenges and opportunities that spring from both the wider economic, fiscal, and demographic context but also those that are also sector specific.

Challenges

The greatest challenge, other than those discussed above around the economy and budgets, is around climate change and the achievement of the 20% reduction in private car km by 2030 target. Transport (including international aviation and shipping) remained the largest contributing sector to total Scottish Greenhouse Gas emissions for the seventh consecutive year, accounting for 28% of total Scottish Emissions in 2021.

Total Scottish Transport Greenhouse Gas emissions were 11.6 Mega tonnes of Carbon dioxide equivalent (MtCO2e) in 2023; up 8.7% from the previous year but 19.3% below 2019 levels suggesting travel demand is still impacted by Covid-19 lockdowns, with further scope for rebound in 2022. This means that the transport sector missed its 2021 emissions envelope of 10.2 MtCO2e as set out in the Climate Change Plan Update by 1.4 MtCO2e.

Emissions from cars were the largest contributor to total Scottish transport emissions at 40.7% (4.7 MtCo2e) and increased by 13.9% (0.58 $MtCO_2e$) between 2020 and 2021, which is reflected in a 15% increase in car kilometres over the year (up 4 billion km). Source - [Statistics | Transport Scotland] Table 5.3

Public Transport capacity will require a step-change if a 20% reduction in car kilometres shifts to bus, active travel, and rail. If there is no reduction in overall travel, then the fall in car use will result in almost a tripling of other modes.

Figure 24 - 20% pipleline to other modes

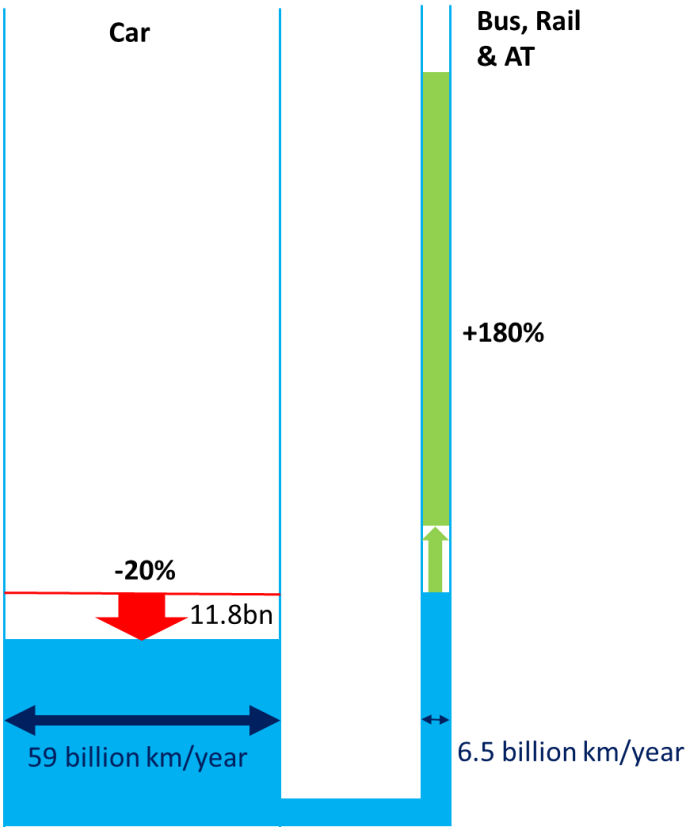


Diagram adapted from: *De Haas, M.C., Terwindt, M.J.A., Witte, J. (2022). 'Pricing tools: better as a package? How pricing and other tools influence the choice for public transport'.* The Hague: Netherlands Institute for Transport Policy Analysis (KiM)

We have competing priorities that limit our room for manoeuvre in reducing transport emissions, for example, our general commitment to supporting growth and jobs limits our options for drastically reducing emissions. A more specific example is how commitments to improving international connectivity and supporting tourism limits our options around demand management in aviation.

There are labour market challenges in some parts of transport, including shortages and industrial action, which could increase public transport operators' costs and presents a risk to reliability of PT.

Investments in transport infrastructure and equipment will be under pressure from inflation in construction and materials, and disruption to high-tech supply chains, which have not yet fully recovered from COVID disruption.

Opportunities

There is some evidence of changing travel demand / patterns post pandemic which could reduce pressure on busiest sections of public transport at peak times arguably delaying the need to invest in capacity expansion.

National Planning Framework 4 sets out a range of services and amenities that should be considered by development proposals in contributing to local living.

The living local and 20-minute neighbourhood concept aims to create places where people can meet the majority of their daily needs within a reasonable distance of their home, by walking wheeling or cycling.

We can take advantage of new and future technology including the increasing uptake in battery electric vehicles amongst cars and buses. New Low Emission Zones in Scotland should help support low carbon transition in our cities in increasingly restricting the sales of new ICE vehicles will affect all parts of the country.

Micro-mobility options such as e-bikes, shared cycles and e-scooters are increasingly mature and widespread globally, and low carbon fuels are on the horizon.

Implications for the Fair Fares Review

The wider context of transport in Scotland presents both challenges and opportunities for delivering on the vision of the NTS and means that the Fair Fares Review is a vital mechanism for the continued delivery of quality transport services in Scotland.

The combination of high inflation and a relatively weak economy has impacted dramatically on the economic wellbeing of the people of Scotland and the budget position of the Scottish Government, tied to decisions made in Westminster, has deteriorated significantly particularly in terms of the funds available for capital investment. Whilst resource spending is forecast to rise ahead of inflation there are significant demographic pressures from an aging population that will require additional health and social care spend. The approach to social security in Scotland, to treat those in need with dignity and respect and provide additional support where it

is most needed, will also have an impact on the amount of funding available for other areas.

At the same time, transport touches the lives of all the people of Scotland on a daily basis – it goes beyond the ability to travel to work or interact commercially and is a fundamental aspect of wellbeing through the ability to socially interact with others. Given this vital importance, the budget constraints faced over the coming years will require a new approach to public transport that the Fair Fares Review can make a significant contribution towards.

Finally, transport has a key role in tackling the climate emergency. We have an ambitious target to reduce private car use by 20% by 2030 – essential to the meeting of our climate change goals – and public transport availability and price will play a critical role in moving towards this goal.

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