Scottish transport review

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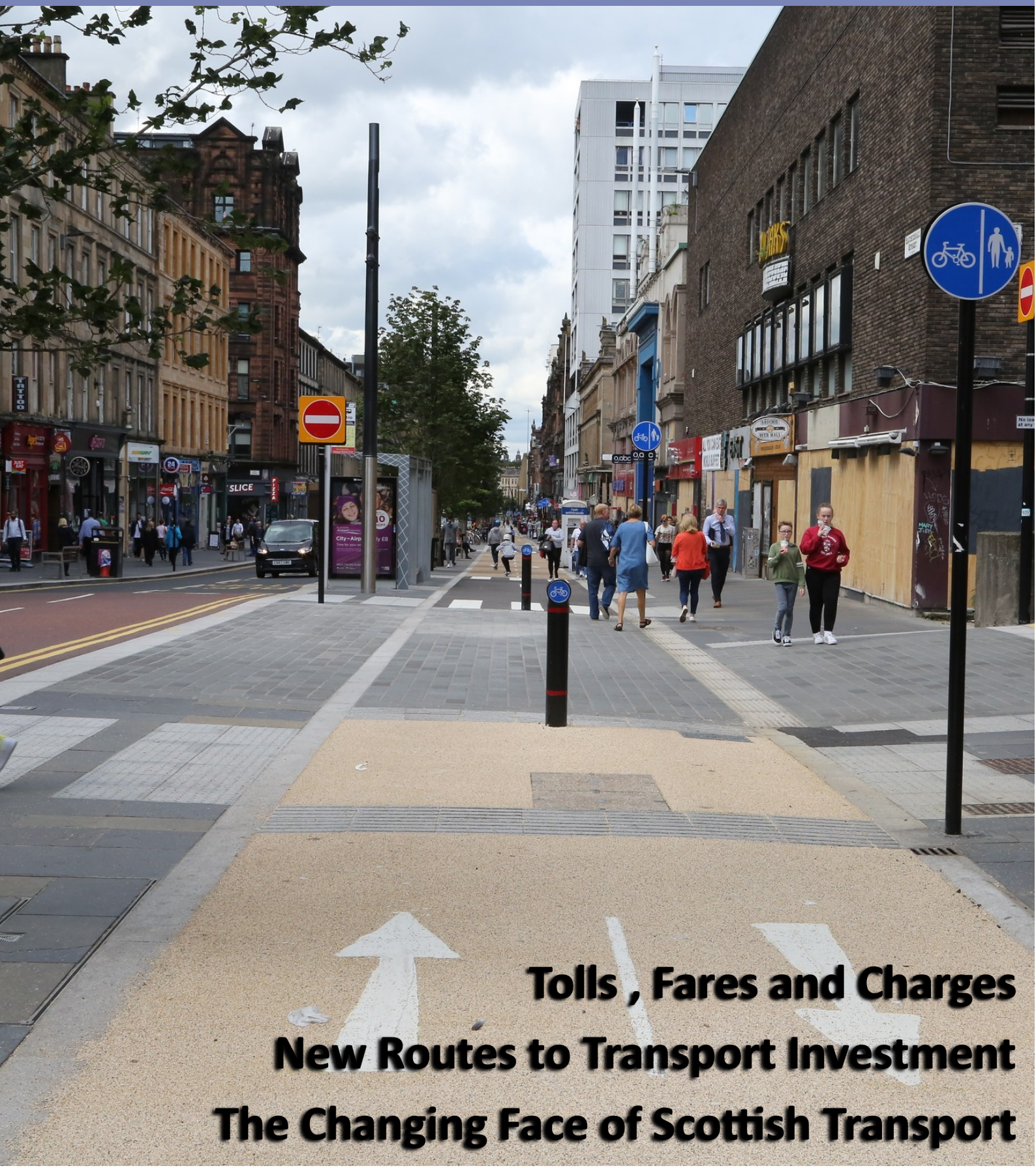

Tolls , Fares and Charges

New Routes to Transport Investment

The Changing Face of Scottish Transport

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Hindsight is Marvellous when Planning the Future

In STR 67 we look at how some aspects of the transport debate have changed radically over the last 25 years whilst some debates seem to be stuck in a time warp.

In the first issue of STR in 1998, Howard Kirby of Napier University wrote "Hindsight is marvellous. You see why one failed to reach a given goal". If we want better and faster delivery of transport improvements in Scotland, then does the hindsight in STR provide the foresight for future transport delivery?

We look back at some of the key moments of transport change since the Scottish Parliament was established and comment on the issues that government might wish to consider as we approach a Scottish Parliament election in 2026.

Not least is the need to fundamentally change how we pay for transport to align the opportunities for investment with the resources available. There is no shortage of funds to invest in the future, but too much current Scottish Transport investment is futile, trying and failing to save a declining past because voters have no knowledge of the better futures available.

Taxation for road transport is poorly aligned with policy, the future, equity, sustainability and virtually every desirable aim other than inertia. It must be possible to design and deliver better approaches that recognise that the costs of motoring cannot be separated from the overall competitiveness of the economy. In some places driving should cost more, whilst in others it could be less costly.

More generally tariff design for buses, trains, taxis also needs to be overhauled with far more personalised approaches tailored to people's needs.

The aims of the Scottish Transport Studies Group are to raise awareness of the importance of transport for the Scottish economy and Society. STSG is a charity registered in Scotland SCO14720.

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STSG Chair John Yellowlees Highlights Notable Recent Events

New road crossings of the Clyde funded by the Glasgow City Deal have opened at Govan for cyclists and walkers and at Renfrew for all traffic, the latter resulting in closure of the last ferry across the Upper Clyde – and in Scotland's newest public transport gap as bus operators refused to use the new Renfrew Bridge owing to the possibility that it might be closed for several hours to allow shipping. Recently it has had to be closed also for maintenance.

Edinburgh City Council's consultation on a north-south tram line has revealed the strength of cyclists' opposition to the more practicable Roseburn option despite reduction to a single line with elimination of a Ravelston stop and use of batteries instead of overhead wires. A new group was formed to promote tram-trains on the Edinburgh South Suburban line. Midlothian Council, who rejected a tram extension to Shawfair, announced a new £55M road to relieve the A701 at Straiton.

McGill's co-owner Sandy Easdale has confirmed his position as the leading opponent of bus franchising when he criticised SPT for sitting on £150M of taxpayers' cash. More than 250M journeys by bus have been made by children and young people since free travel for under-22s was introduced three years ago. CPT have published a manifesto ahead of next year's Holyrood election calling for a review of network support grant which has not increased since 2012 and for tackling congestion through measures such as bus lanes, bus gates and traffic-light priority. Unfortunately, McGill's has been fined has been fined £29,700 and given a final warning by Traffic Commissioner Richard Turfitt for a string of vehicle faults at its Scotland East and Midland Bluebird operations that included a bus catching fire with schoolchildren on board.

A free public transport trial will start in Glasgow next year, with a thousand people given zonecards by SPT for seven weeks so as to assess impact on travel choices, access and wellbeing. SPT are consulting on renewal of Buchanan Bus Station.

Loganair has become Britain's most punctual airline. A new aircraft routing strategy is under discussion to reduce emissions. Eastern Airlines suspended all flights including Wick-Aberdeen.

The Scottish Government has been urged to expedite negotiations on a new ferry from Rosyth to Dunkerque. A Norwegian order for Type 26 destroyers has secured naval shipbuilding on the Clyde, but the future remains insecure for Ferguson Marine. Meanwhile negotiations are proceeding for public acquisition of Ardrossan Harbour from Peel Ports so that adaptations may be made for the new vessels delivered years late by Ferguson Marine on the Arran run.

ScotRail has issued a contract notice on the Procurement Contracts Scotland (PCS) website for a new suburban train fleet : potential suppliers are being invited to tender for the opportunity, which will see the trains enter service in the early 2030s. The new train enhancements will include improved on-board facilities such as modern air-conditioning, greater reliability, reduced emissions, increased accessibility including level boarding and active travel provision for customers. Meanwhile replacement of the Inter7City HST fleet is expected to be complete within three years. The first Meridian Class 222 set to arrive in Scotland has been performing driver training on the West Coast Main Line. Lumo will also extend a few of its Kings Cross-Edinburgh trains to Glasgow Queen Street in the December timetable, whose East Coast recast will make rail more competitive with air between Edinburgh and London.

CPT have published a manifesto ahead of next year's Holyrood election calling for a review of network support grant which has not increased since 2012

Resourcing Scotland's Transport Future

The Institution of Civil Engineers has Published a briefing paper "How to Pay for Paying for Britain's Infrastructure System" which has important lessons for Scottish Transport

The ICE briefing paper suggests that there is a need to urgently change mindsets and narratives in the investment community.

They highlight that "Concerns about long-term planning and poor delivery mean that investors seem particularly risk averse. International investors also see the UK as a place for low-risk or 'defensive' capital rather than the innovations that will shape the future of travel."

Within a changing climate the highest risk options are to assume that what worked in the past will work in the future but inertia is often the riskiest option: "This means the UK is massively 'underweight' on the high-risk growth capital the net zero transition requires. High risk aversion can lead to 'perverse risk aversion', whereby the impact of all investors being risk averse is to increase, rather than reduce, the amount of risk (as well as costs) in the system."

The government needs to try to work with the market to increase investment in critical infrastructure such as public transport systems reliant on fossil fuel: "Regulators with a primary duty to protect the interests of consumers have sometimes prioritised short-term affordability for consumers at the expense of driving long-term investment in critical infrastructure. Regulation needs to become more dynamic and flexible."

Public and private investment must be complementary. However. the government's power is not just financial – it is uniquely placed to convene stakeholders and build relationships. A more confident, collaborative narrative could help shift investors' risk appetite.

Making the case for private infrastructure investment

A clear and compelling narrative from the Scottish Government on investment is important to both investors and the public. Media and political environment tends to dwell on failures instead of celebrating successes which can also lead to government becoming more risk averse, particularly on assets owned and largely controlled by the state.

Centralisation of control deters investors and there needs to be more engagement with the public about why infrastructure is necessary, how it is paid for, and the trade-offs involved. The Scottish government needs to build a far stronger case for private sector involvement that goes beyond the additional money it will bring to focus on wider outcomes and benefits as well as addresses the public's concerns. Most of the transport system is privately operated and run and the sectors like road freight and car travel that receive most of their investment privately have far more money available to grow than transport systems like bus, ferry and rail that rely more heavily on public funding. Fixing the imbalance in funding for transport requires fixes to the investment culture.

Pension funds have been called 'the only plausible source of large, long-term, domestic capital' in the UK

The ICE recommend that "Public engagement could highlight the potential for benefits being achieved more quickly through more private sector involvement. Objections to a project often fall away once it is complete and people can use it – but that clarity needs to be brought forward earlier in the process."

The context includes many existing badly designed PFI deals coming to an end, bringing bad news stories

about poorly maintained assets falling back into the public sector, arguments which were widely aired in relation to Ardrossan harbour. However, more successful investment approaches such as for electric buses go unnoticed.

Investors' fiduciary duty

Current guidance on and interpretations of fiduciary duty discourage investments that deliver positive economic, environmental or social outcomes as well as financial returns.

The ICE suggest that government could consider issuing new guidance on fiduciary duty to unlock more private investment into public policy priorities. This should reassure trustees that they are within their duties when taking economic, environmental or social considerations (ESG) into account in their investment choices. Updating corporate governance rules could make transport infrastructure with its critical social and environmental impacts more attractive to ESG investment. The ICE research highlights that assets under management by ESG funds are predicted to rise to $40 trillion by 2030.

Pension funds have been called 'the only plausible source of large, long-term, domestic capital' in the UK. Pension assets in the UK total £2.5 trillion, with a further £2.1 trillion on insurers' balance sheets. Currently, the majority of UK pension fund and venture capital assets are not invested in the UK.

ICE recommend that the government consider replacing the existing generation of road taxes with a pay-as-you-go model for roads to ensure adequate funding for maintenance and upgrades. This is increasingly urgent as income from fuel duty is projected to decrease as electric vehicles proliferate.

Also the Centre for Cities has proposed a model of municipal bonds to decentralise investment and allow sub-national authorities to borrow from capital markets to finance infrastructure by issuing bonds and repay them by using local tax revenues and local growth.

The Scottish Government could provide far more certainty for investors by deciding on the long-term equity ownership model it wants for a piece of transport infrastructure, and set the internal rate of return that a long-term investor must be prepared to sign up to, to allow the partnership working to scope out the project and work through the details of procurement and deliver. Increasing certainty for both the government and investors can improve value for money in public projects by capping a private investor's return if the project's scope remains fixed, but guaranteeing investors a minimum return if the scope grows significantly.

A clear and compelling narrative from the Scottish Government on investment is important to both investors and the public. Media and political environment tends to dwell on failures instead of celebrating successes which can also lead to government becoming more risk averse

Learning from the Changing Frameworks over 25 years of Transport, Development and Regeneration

25 years ago the UK government's Standing Committee on Trunk Road Assessment reviewed the relationships between transport and the economy, concluding that rationale for transport investment was often not clear, and that a broader approach was needed where patterns of gains and losses from transport change were planned in a more joined up way across the economy.

To deliver these improvements, a new broader approach to transport appraisal in Scotland was introduced in 2002 which encouraged a stronger focus on objectives including government's overarching policy goals, rather than concentrating on travel time savings on transport networks which had previously been the focus. Scottish Transport Appraisal Guidance (STAG) continues to improve, gain credibility and is now widely accepted across the industry, but it is often hard to link the conclusions of appraisal with the actual funding decisions of government.

In 2003, the national cities review signalled a change towards more integrated decision making where key decisions about transport infrastructure were made by Scottish Executive rather than local authorities. Some local authorities were concerned about the erosion of local democracy. A decade later the Cities Alliance was developed to devolve the city planning role more clearly to local authorities and regional bodies.

The increased complexity of delivering transport improvements within a cross sector framework needs more than simply improvements to planning and appraisal so reform of transport governance is needed. The pace of change with these governance reforms is glacial, but by 2023 the new National Planning Framework sought an approach that devolved decision making to local authorities and regional planning authorities.

Despite major improvements to the planning system, the influence of planning over what actually happens has weakened. Governance reform to frame new public and private partnership based business models for transport delivery is now critical

One cross sector transport agenda that has been badly neglected includes planning for competitive tourist travel. Tourism is a travel industry, but it usually functions outside transport policy and administrative structures and the policy gap nationally between transport policy and tourism policy continues across the decades. For example, it continues to be unclear whether the Scottish Government wishes to boost air travel to Scotland including expanding airport capacity, or whether it wishes

Scottish Transport Appraisal Guidance has been improved and is now widely accepted across the industry, but it is often hard to link the conclusions of appraisal with the actual funding decisions of government

to adopt policies to restrict air travel since both policies are promoted by different departments in the Scottish Government.

In 2004 new planning guidance is published (SPP17 & PAN 75) with a new national framework for transport designed to reduce travel demand and ensure new developments pay more of the costs of the infrastructure needed to support the travel generated. In 2025 the lack of transport investment for the Winchburgh new town became a top political controversy with many opportunities being cited where national and local government had failed to comply with their own policies and rules.

Under the Local Government in Scotland Act 2003 local authorities have a duty to initiate and facilitate the community planning process with local transport strategy intended to fit within the overarching community plan. By 2006 Audit Scotland found that community planning, aiming to get different players to work in harmony, has had the opposite effect and has increased acrimony, muddle and confusion since funding was too fragmented. The bodies involved needed to be much clearer on what they expected community planning to deliver and how this would be done. By 2015 leadership by government bodies was supplemented with the provisions in the Community Empowerment Act to strengthen the leadership role of communities. A review of community planning in 2023 showed that community planning continues to be patchy, since the local development trusts that vary in skills and capacity.

Although, the land use, community planning and transport agendas are moving steadily towards a clearer more robust policy framework, the rate of change is glacial. Society is evolving rapidly with new social attitudes, and the economy is evolving rapidly to restructure to make the most of opportunities in the emerging technology and net-zero economy. As a result the most important transport decisions continue to emerge more from ad hoc political commitments rather than sophisticated cross sector planning and governance processes. Despite major improvements to the planning system, the influence of planning over what actually happens has weakened. Governance reform to frame new public and private partnership based business models for transport delivery is now critical.

Boom and Bust on the Ferries

Improving ferry services were top of the list for the new Scottish Parliament in the 1990s but it has not been plain sailing and major change is once again needed to build a sustainable future for the sector

Amongst the first major new transport investments promoted by the Scottish Parliament was for a ferry service from East Central Scotland direct to Europe. Superfast ferry operations between Rosyth and Zebbrugge started operation in 2002 but by January 2011 passenger services were withdrawn higher fuel process led to operators prioritising more profitable routes elsewhere in Europe. In 2012 research showed that lack of subsidy for the direct Scotland to Belgium ferry services was the main reason for the withdrawal of the passenger ferry services and that similar routes in France, Italy, Greece and elsewhere in Europe were all subsidised to ensure vital lifeline provision, with the likely subsidy needed to enable the Rosyth to Zebbrugge ferry being lower than the Scottish Government spends on providing lifeline services from the mainland to the Shetland Isles. Over the 12 years since then many studies have shown how a viable ferry service could be introduced. In 2022 DFDS proposed a direct Rosyth to Zebbrugge ferry running 3 times a week and sought public funding, In 2025 Scottish Government politicians once again started to show enthusiasm to talk about these opportunities.

In 2007 CalMac was awarded the Clyde and Western Isles ferry franchise for 6 years at an annual cost of £43m. Western Ferries challenged the Scottish Government citing unfair treatment, illegality and waste of public money in public funding support for Cal Mac services on the ferry routes to Cowal. In 2009 CMAL (the public company supplying vessels for CalMac) started to raise money to purchase new vessels using private finance noting that 6 of the 31 vessels in services on the Clyde and Western Isles ferry franchise were more than 30 years old. Funding for ferries has been increasing since

Procurement decisions to invest in vastly expensive complex vessels, rather than specifying simpler and more efficient vessels

2008 with the introduction of a Road Equivalent Tariff (RET) to Scottish Islands with the Western Isles route starting first. The RET scheme halved fares, though there was no road equivalent to an island, and the long term funding commitment was unclear. In 2011 Scottish Government annual funding for ferries rose 30% to £90m to offset reduced fare income and higher fuel costs. In 2013 Western Ferries commissioned two new £4m fuel-efficient ferries for their Dunoon (Hunter's Quay) to Gourock services.

In 2011 Ferguson Shipbuilders at Port Glasgow were commissioned by CMAL to build two hybrid diesel/ battery electric ferries for the short crossings to Raasay and Gigha. A comparison of the costs and benefits of the bespoke hybrid design relative to standard vessels available on the open market suggests that per vehi- passenger carrying capacity the hybrid ferries cost four times the standard vessels, emit three times more greenhouse gases, take longer to build and have unproven resilience in poor weather.

In 2025 the backlog in investment in new ferries remains substantial, not least due to procurement decisions to invest in a few vastly expensive complex vessels, particularly the Glen Rosa (not yet in service) and the Glen Sannox rather than specifying simpler and more efficient vessels.

In 1998 the trial Portavadie to Tarbert Ferry became a permanent part of west coast ferry network. By 2025 the ageing Isle of Cumbrae has become less reliable and is often diverted to close gaps in island services in the Firth of Clyde so a passenger ferry is introduced to ensure that the increase integration of the local economies of the Kintyre peninsula and Cowal peninsulas can survive, not least the school children that depend on the Portavadie to Tarbert crossing to reach their school.

Rapid Evolution of the Aviation Sector

Scottish Transport Review has been able to celebrate many good new stories about aviation so can the sector find a sustainable way forward?

Scotland has insufficient population to be able to have a major international aviation hub, so links with European hubs like London, Paris, Frankfurt and Amsterdam are particularly important when attracting tourism. Over the last 25 years the new connections with middle eastern air hubs have also made Scotland a much more attractive tourist destination from Asia and the Global south.

In 2009 the Competition Commission ruled that BAA should sell Edinburgh or Glasgow Airports.

In the 1990s Scottish retail and logistics company John Menzies expanded its operations from retail and newspaper deliveries into airport services and in 1999 won a major luggage handling contract at Heathrow airport. Between 2002 and 2008, rapid international expansion included the acquisition of cargo and distribution businesses in the Netherlands, USA, Australasia, Sweden, Norway, and South Africa. In 2018 all of the shares in Menzies were sold. Faced with challenging times for the aviation industry in the pandemic in 2022 John Menzies was sold to Agility with the combined group being the world's largest aviation services company but Scottish operations have dwindled and the business is headquartered in London.

studies suggesting significant potential for the growth of such services including the use of zero emission electric aircraft on the routes

In 2006 the air discount scheme was introduced to cut the cost of flights for islanders and parts of mainland Scotland to Scotland's cities. This continues to be a highly successful scheme broadly supported by communities and helping rural air service networks to be far more economically viable and sustainable than in other parts of the UK.

Oban Airport was opened in 2008 and flights to Coll, and Colonsay heled to support growth in the population of these islands which had been declining. These services continue in 2025 with studies suggesting significant potential for the growth of such services including the use of zero emission electric aircraft on the routes.

Transport and Health

The transport and health agenda has been constantly in discussion for over 25 years as one of the fastest growing trip purposes. Many innovations have come and gone like the Transport with Care agenda promoted by former Health Minister Andy Kerr.

Some of the innovations survive but Scotland seems to lack the capability to scale up its examples of leading practice

In 1998, STR1 reported that there was no clear view from government about if or how to tackle this issue. Carey Newson of Transport 2000 wrote about the need for greater travel awareness and promotion of active travel, Mike Lean of Glasgow University outlined the obesity challenge, and Derek Halden outlined the steps needed to improve access to healthcare.

By the turn of the century a wide range of government funded improvements on active travel and access to health were in place and the transport and health agenda continues to be central to active travel programmes. However the effectiveness of these programmes remains in question with levels of active travel continuing to fall so fresh thinking is needed about what works.

The ideas in the new National Planning Framework for redesigning Scotland's neighbourhoods with more services in walking distance offer promise but the rebuilding of Scotland with more sustainable patterns of land use will take a generation. Shorter term fixes are possible by weaving accessibility planning through health service delivery to ensure that every patient and staff member in the NHS has efficient, affordable and sustainable choices available.

Tariffs, Prices, Tolls and Ticketing

How we pay for transport is critical to the public acceptability and sustainability of future transport, but the dominant current logic seems to be to collect the maximum publicly acceptable revenue to pay for legacy delivery approaches

Transport is a derived demand so the price of travel must be set not only to ensure viable transport but to ensure that social and economic needs can be served. Transport prices set without designing for these wider needs tend to be so unfair and unpopular that they do not survive long such as the ill fated fuel duty escalator that did not survive when austerity hit.

Policy goals for sustainable transport will never be delivered if government fails to address critical market failures in pricing and tariff design, but too often government ducks responsibility and leaves the most difficult choices to others.

Where government has intervened it has made detailed pricing decisions rather than defining frameworks with price signals for people, businesses and authorities aligned with policy. This has meant that policies such as free bus travel for some people, cheap ferry fares to some islands, and more recently fare capping, has not always got the price right, and fare cuts have contributed more to starving transport of revenue than in achieving patronage growth.

High profile road charging and tolling design failures like Edinburgh's congestion charging scheme and the Skye bridge tolls have weakened public trust in Government's tariff design skills, yet net-zero goals will never be delivered without road users paying a fair price.

These problems have arisen partly because local authorities have shown that they lack expertise in market design, and partly because central government has found it cannot resolve the complex cross sector policy challenges top down.

Well-designed prices for transport may have eluded Government so far, but it is unaffordable, unsustainable, and unthinkable that this situation can be allowed to continue much longer

Although Vehicle Excise Duty (VED) takes account of the potential carbon emissions from a car, it punishes people who do not drive much, often using a less fuel efficient vehicle. Also fuel duty takes no account of where and when people are using the roads such as the people living in remote areas of Scotland.

A pay as you drive scheme could cover all of Scotland's roads using well established technologies if local and central government build on the locally sensitive designs to transport pricing that are already growing within the market. Successful pricing schemes include charges for access to certain streets such as car parking areas and charges by location and time of day including the pay as you go insurance schemes being offered to help make driving more affordable for more drivers.

Learning from these schemes shows that good design must ensure everyone is treated fairly, including sufficient personalisation in tariff design to ensure nobody loses out. Well-designed prices for transport may have eluded the Scottish Government for the last 25 years, but it is unaffordable, unsustainable, and unthinkable that this situation can be allowed to continue much longer.

The 2024 Fair Fares review was a missed opportunity but the research supporting it shows what Scottish people want so the Scottish Government would do well to revisit this important work whilst widening the scope to include road charges.

Learning from the last 25 years

Transport costs are small compared to the costs of transport market failure - In the 1999 national review of transport and the economy it was unsurprisingly found that transport was a higher proportion of the costs of doing business for organisations in Scotland than for most other developed countries. The SACTRA report proposed a new approach to appraisal and in 2002 Scottish Transport Appraisal Guidance (STAG) was launched requiring explicit consideration of economic activity and location impacts, and alignment with social goals to ensure that the road pricing provisions within the 2001 Transport Act could be well designed. However these new approaches to appraisal have been poorly delivered across programmes and projects. Pricing of transport remains largely internalised within transport markets, rather than meeting the diverse needs of the Scottish economy, contrasting with neighbouring countries like Norway where pricing has been central to successful economic growth and decarbonisation of transport.

Personalised payment schemes have been successfully used to grow transport markets but bus and rail ticketing lag these changes risking being left behind the advancements in car purchase, aviation, cycling and taxis

Integration of transport needs new business models not more legislation - The 1999 Scottish Transport Bill became law in the 2001 Transport Act with requirements for joint transport strategies, partnerships on bus services, joint fares and ticketing provisions, and road user charging. However overcoming the legislative barriers did not lead to integrated transport because other barriers remained, not least the perverse incentives in organisational structures and performance management. The lessons about regional partnerships from 1998 were not reflected in the 2001 legislation, and the opportunities for modernising local government in the 2011 Christie Commission were also missed. Leading practice such as joint units to manage areas of service delivery across multiple council areas show how to make better use of available skills through partnership, and how to use incentives to promote joint working and collaboration. Local government reform consistent with the needs of community based delivery to transition to net-zero transport must be part of the solution as shown by the many innovative solutions for fair and efficient pricing being delivered by community organisations, including development trusts.

Personalised payment schemes have been successfully used to grow transport markets but bus and rail ticketing lags these changes risking being left behind - In 2000 falling car sales led to some car retailers starting to offer personalised contract options to private motorists to offer car ownership on different financial models, with lower borrowing costs from more distributed risk and better tailored to household budgeting. The national jobseeker travel to work scheme paralleled these approaches helping with the costs of public transport ticket purchase during transitions into employment, and wheels2work schemes were set up across the country to provide personalised support where needed. Account based ticketing is now commonly offered by transport operators, most recently including schemes for electric vehicle charging, sometimes linked with home energy consumer purchases.

Road tolls are a vital source of revenue to enable investment in transport, but tariffs must be designed fairly and transparently - The tolled Skye Bridge opened in 1995, but by 2004 the backlash against the tariff design, where the burden of tolls fell largely on those least able to pay, resulted in the tolls being removed. The debt was bought from the private concessionaire using national trunk road funding with the total costs to government being more than three times the construction cost of the bridge. In 2003 the Forth Estuary Transport Authority started to use Forth Road Bridge tolls to help

fund Ferry Toll Park and Ride to ensure that there was a public transport alternative to driving across the tolled Forth Bridge. A new electronic charging system was also installed to enable time-differentiated tolls but the one way Northbound flat fare of £1 continued on the bridge until February 2008 when tolls were removed on the Forth and Tay Road bridges. In February 2005 Edinburgh residents vote 3 to 1 against congestion charging proposals. In scrapping the scheme the Council said that road user charging must instead be developed as an equitable demand management instrument and not simply a blunt tool to raise funding.

Free transport is popular but rarely leads to optimal transport use – From April 2006 free bus travel was introduced for disabled people and those over age 60 with no time restrictions on when people travel. Island residents also receive up to two free return ferry trips to the mainland per year. Reviews of free concessionary travel impacts including the 2024 fair fares review show that substantial demand is generated but this additional demand is not well aligned with Scotland's wider social and economic needs.

Technology can enable smarter transport tariffs to be implemented but the technology itself is not necessarily smart - From 2006 Transport Scotland has been investing in smartcard technology but bank and credit cards and mobile ticketing continue to dominate transport purchases. Airlines have been showing the way forward with their simpler, cheaper and more secure ticketing systems which distributes processing to meet the more demanding security requirements for identity associated with air travel rather than the more centralised and cumbersome centralised government systems being funded by government.

Fare discounts need to be continually optimised to work

with market conditions - In the summer of 2006, the air discount scheme was implemented enabling residents of Scottish islands to purchase air tickets to the mainland with 40% off the ticket price. The increased demand led to some flights becoming busier so that airlines were able to raise prices to maximise revenue. By 2008 research recommended increasing the level of discount and moving towards better targeted discounts over a wider area. In 2016 the discount level was raised to 50% but a single year trial to include some business was subsequently discontinued in 2017. Between 1998 and 2007 Lothian Buses increased bus patronage by 40% by reducing fares and using smart ticketing, but bus use has been falling since 2008 across most of Scotland with buses becoming increasingly depend on travellers using free concessions.

Most parking is not taxed but is a valuable resource that needs to be better designed and valued - In 2007 Lothian NHS cut parking charges at the Royal Infirmary in Edinburgh from £10 to £7 a day. In 2008 Health Minister Nicola Sturgeon made parking at most Scottish hospital free with one Glasgow hospital estimating the loss of investment in the hospital as £1.1m with the total across Scotland being estimated at over £10m. Glasgow hospitals also reported problems from increased car travel to hospital creating parking congestion on streets near hospitals. In direct contrast to the hospital parking designs, in 2010 Edinburgh airport started to charge for pick up and drop off near the entrance to the airport terminal building.

Technology can enable smarter transport tariffs but the use of technology is not always smart

Scotland's Rail Renaissance

Rail investment is popular with most people and rail is attracting a higher share of government transport spending than in most countries so is it working?

Rail networks developments have played a major role in shaping Scotland's economy and society over the last 25 years. Rail enables the efficient functioning of Scotland's major city centres, and expansion of the rail network to more of Scotland has helped to regenerate many towns like Alloa, Galashiels, Larkhall and Leven, by plugging them better into the national economy. However, over the last 15 years the global financial crash and pandemic have changed Scotland's economy and the management of the rail system has been poorly aligned with these changes. Archaic and inflexible procurement and operating models have locked rail into a cycle of decline and the network now requires 70% of its costs to be subsidised from public funds.

There is a bright future for rail to provide critical transport arteries as the foundations of future transport systems for people and places, but the weaknesses in current rail systems could also become a cancer that consolidates the recent decline as the economy restructures. The ability of rail to thrive depends on taking immediate action:

- Rail has not yet grasped the opportunities of decarbonisation so there is a danger environmental issues could become more of a problem than opportunity if a 25 year plan for a net zero circular rail economy is not quickly identified.
- Rail has been slow and inflexible to support the needs of growing areas of population centres, and the changing needs of business. New ways of integrating rail finance and operation with the needs of the changing economy and society must learn lessons from international best practice to reduce the proportion public subsidy in rail funding.
- More dynamic supply chains and staff management practices are needed for all areas of rail procurement, so that skills and capabilities are constantly being refreshed to respond to the changing economic and social context. Recent rail restructuring will deliver change but whether it will be dynamic is much more uncertain.

Expansion of the rail network to more of Scotland has helped to regenerate many towns like Alloa, Galashiels, Larkhall and Leven, by plugging them better into the national economy

25 years of Progress

Costs of rail network changes are far too high because the inflexibility associated with long term investment choices allows more flexible actors to run rings round government - Much of the benefit from rail network changes In 1999 funding was earmarked for the Stirling to Alloa railway reopening with the line finally opened in 2008 helping to regenerate Alloa. However, the commitment of funding in 1999 led to a wide range of public and private organisations levering personal and private benefits from the straitjacket the politicians wrapped themselves in by committing to the project. This rail scheme is not the only project to suffer in this way, with the lessons from Edinburgh's tram project being documented in a comprehensive public inquiry report, and recent failures like HS2 showing that lessons have not been learned. The easiest political response to growing costs in rail projects has been to increase the budgets, rewarding poor project management, so politicians get more of what they reward.

Rail investment must be better aligned with Scottish policy priorities to fulfil the potential of the railway - In 2000 option appraisal got underway for the Borders

railway helping to pilot new approaches to transport appraisal based on the SACTRA review of transport and the economy. From 2002 the new Scottish Transport Appraisal Guidance (STAG) enabled a focus on the rural and regional transport challenges that had not been prioritised under the UK appraisal rules prior to STAG.

Rail service information has lagged more user centric customer information approaches - To tackle the poor and fragmented provision of rail and bus information in 2000 a new joint venture company Traveline Scotland was set up to manage public transport information. Five years later the global search engine Google was able to use Traveline data to launch its integrated journey planning system Google Maps. By 2020 it was estimated that over 90% of integrated transport journeys in the UK were planned using Google maps.

The economic potential of a place is greatly enhanced by a new rail station - In 2002 Edinburgh Crossrail opened with new stations at Brunstane and Newcraighall and a new station for Edinburgh Park in 2003. Edinburgh Park became one of the most successful areas of employment growth in Scotland with staff travel for all of the companies based at the site managed by a travel plan which included special bus and rail tickets and rationing of the car use to access the M8 motorway. 2010 saw the opening of Airdrie Bathgate railway line connecting the overheating economy of West Edinburgh with the available workforce from East Glasgow.

The Scottish Stations Investment clarified the national Scottish Government stake in aligning the rail network coverage with evolving local development needs

The easiest political response to growing costs in rail projects has been to increase the budgets, rewarding poor project management, so politicians get more of what they reward

Rail procurement processes are one of the greatest barriers to a better value railway - In 2003 the Office of Fair Trading referred FirstGroup's bid for the ScotRail franchise to the Competition Commission on the grounds that this could create a company that was dominant in both bus and rail transport. First Group were subsequently awarded the franchise after agreeing to sell some bus operations. National Express who had operated the ScotRail franchise from 1997 to 2004 had been required to sell of their intercity coach operations in 1997. The potential to align benefits from integration with benefits from competition continued to hamper the Scotrail franchise when Abellio were awarded the franchise between 2015 and 2022. Public monopoly now limits competition post 2022, so new incentives are needed to drive improvements in innovation and efficiency.

Planning processes seek integration of rail with land uses but sometimes lack the business models to secure successful delivery of these approaches - In 2004 new planning guidance was published with a national framework and transport guidance (SPP17 & PAN 75), designed to reduce travel demand and ensure new developments pay more of the costs of the infrastructure needed to support the travel generated. Developer contributions towards new stations were often insufficient to fully fund new stations, though Gartcosh station opened in 2005 as part of the regeneration of the former steelworks. Recognising that local authorities often struggled to assemble the resources to lead new station developments, in 2012 the Scottish Stations Investment

Fund was launched clarifying the Scottish Government stake in aligning the rail network with local development and successfully leading to many new stations such as Kintore and Robroyston jointly funded by local authorities, housing developers, ScotRail and Scottish Government.

Rail has strong environmental credentials but is in danger of squandering these unless far faster progress can be made towards net-zero - In 2009 the Scottish Government decided that detailed design work could start on the busiest rail route in Scotland, the Edinburgh-Falkirk-Glasgow line and in 2021 the electrification of this line was completed. Transport Scotland has said that decarbonisation of the railway is spelt 'electrify' but this soundbite offers no clarity about decarbonisation plans for rail infrastructure such as net-zero renewal and replacement of steel rails. In 2024 the UK Climate Change Committee asked the Scottish Government to make realistic commitments about how net-zero commitments would be met.

Success and failure means different things to different people so accountability and success must always be aligned - The Scottish Government opposed Edinburgh City Council's proposed tram project but this was overturned by a Scottish Parliament vote, and in 2009 the first tracks were laid for Edinburgh's new tram project. By 2011 the Scottish Government had stepped in to rescue the project and ensure completion of a route from the airport to St Andrew's Square.

The easiest political response to growing costs in rail projects has been to increase the budgets, rewarding poor project management, so politicians get more of what they reward

In a fast changing economy investment in agile transport solutions delivers far greater short term benefits than most rail investment - In 2010 the economic case for HS2 was compared with smaller transport projects such as ScotRail's adopt a station programme and SPT's safe routes to stations projects. Although the project estimated at £34bn wins the political headlines it would not be the rail project to invest in if the goal was economic growth.

Safer More Sustainable Roads

In 2007 a landslip after heavy rain closed the A83 Kintyre access route at 'Rest and be Thankful' for two weeks in November. By 2015 the temporary works at the Rest and be Thankful had cost over £50m and In the 10 years since then the Rest and be Thankful has received further substantial investments with the local campaign group estimating that several hundred £million for temporary works have now been spent. The local business campaign group has also prepared reports showing how they could have built a permanent solution far faster and more cheaply. Transport Scotland started site investigation works in 2025 for a £bn+ tunnel solution which could offer a more permanent solution.

The Scotland Act 2012 transferred speed limit powers to the Scottish Government. It had been expected that the Government might use these powers to increase the 40mph speed limit for HGVs on Scotland's long distance single carriageway routes to improve safety with cars and lorries restricted to the same speed with less need for overtaking. In 2013 an Inverness based HGV driver launched a campaign involving 'go-slows' by lorry drivers to encourage Scottish Government to rethink its opposition to raising the HGV speed limit from 40 to 50mph. The speed limit on the A9 was subsequently increased but by 2025 only the A9 between Perth and Inverness was the only road benefitting from the HGV speed limit increase.

In 2021 the Parliamentary Council on Transport Safety report that there has been very little reduction in UK road deaths since 2010 and that approaches to road safety need to be refreshed to include road danger and vulnerability.

Approaches to road safety need to be refreshed to include road danger and vulnerability.

Better Buses

An abundance of policy and legislative change over 30 years, but the recipe for success seems to be delivering more reliable and better value services

Guidance issued under the 2001 Transport Act on implementing quality bus partnerships and contracts and on arrangements to improve ticketing and information. Lothian Buses successfully increased patronage from 82 million passengers in 1998 to 114 million in 2007, a 40% increase in 9 years of which 94% was fare paying passengers. Key factors in the revenue growth were the low fares policy and making it easier to pay using the Lothian Buses 'Ridacard' smartcard system, which had been heavily criticised by Transport Scotland as inconsistent with their plans.

Demand responsive transport services are viewed as a promising way to improve bus services to communities where a scheduled service would be unaffordable or uncompetitive with car travel. New services were supported by the national rural community transport initiative including services in Dumfries and Galloway, Aberdeenshire and in the Angus Glens that have continued for nearly 25 years. However other experiments did not survive such as the Stagecoach yellow taxibus fleet for premium minibus transport between Fife and Edinburgh for commuters which was introduced in 2003 but only ran until 2006.

In 2008 the Concordat agreed by the Government and Cosla created a new relationship between central and local government by virtually abolishing ring fencing for local authorities but at the same time binding councils in to achieving the Government's objectives through Single Outcome Agreements. One big loser from this agreement was community transport. The loss of a dedicated national funding stream was not replaced with local authority funding leading to a large decline in bus network funding across Scotland. In 2025 the community transport sector remains far smaller than it was in 2008 though the Scottish Government has committed to invest once again in building up the sector, but led not by the transport sector but by the regeneration and communities sector.

Key factors in the revenue growth were the low fares policy and making it easier to pay

Dundee City Council and National Express introduced the first statutory quality bus partnership in the UK in April 2006 but in 2025 joint working between the local bus operators and local authorities across Scotland remains work in progress with a strong need to build trust between the stakeholders involved in delivering better buses.

From April 2006 free bus travel for disabled people and those over 60 was introduced throughout Scotland. The planned budget was £163m in 2007-08. Island residents who were disabled or over 60 also received two free return ferry trips to the mainland per year. A review of concessionary travel in 2009 found that "The benefits derived from the NCT are largely found in terms of increased leisure and recreational travel, largely by those least excluded by their financial circumstances" and that "Financial implications of the NCT scheme will be very volatile and unpredictable" but that "The NCT is held in very high regard by users". The scheme has been changed regularly to add new benefits over the 20 years since then, but the 2024 national Fair Fares review showed that the scheme was still very urban centric and unfair to many of the most vulnerable people across Scotland living in left behind communities such as small towns in Ayrshire.