1. About Transform Scotland

1.1. Transform Scotland is the national sustainable transport alliance. We campaign for a more sensible transport system, one less dependent on unsustainable modes such as the car, the plane and road freight, and more reliant on sustainable modes like walking, cycling, public transport, and freight by rail or sea. We are a membership organisation bringing together rail, bus and shipping operators; local authorities; national environment and conservation organisations; local transport campaign groups; and individual supporters.

2. “What further financial powers should be devolved to the Scottish Parliament and why?”

We submitted two proposals to the Smith Commission which we feel are relevant to the scope of the Finance Committee’s inquiry: these are set out in sections 2.1 and 2.2 below.

2.1. Provide powers for the Scottish Government to give tax relief on salary sacrifice schemes to pay for public transport season tickets

1.1.1. Relief from income tax is already available on transport measures for employees such as salary sacrifice schemes to pay for workplace parking and cycle leasing. Transform Scotland would like to see the Scottish Government have the power to give similar income tax relief on public transport season tickets. We would also like to see the tax relief removed from workplace parking. The current situation incentivises private car travel while discriminating against public transport users. Our proposal would change the situation to incentivise sustainable transport, and is in line with the salary sacrifice tax relief measures already aimed at encouraging cycling. We also feel this is a social justice issue, as giving a tax incentive to car users without an equivalent benefit for public transport users is discriminatory to lower income earners who are more likely to travel by public transport.

1.1.2. The Scotland Act 2012 allocates a proportion of income tax as the Scottish Rate of Income Tax (SRIT) but does not give the power to vary rates between bands or alter allowances. Both Labour and the Conservatives have put forward proposals to extend the SRIT but neither has proposed giving the Scottish Government power over income tax allowances and relief. Other than the SNP and the Greens, the Liberal Democrats have proposed sufficient powers over income tax to allow the Scottish Government to specify where tax relief should be given, within their proposals for a federal UK.

2.2. Provide for the extension of borrowing powers beyond capital expenditure

1.1.1. Powers due to come to the Scottish Government in 2015 will allow borrowing from the Treasury or through commercial loans up to a value of £2.2bn for capital projects (with a further £0.5bn to account for tax income variation). Further powers from 2016 will see the Scottish Government able to issue its own bonds, also within these limits. It is, however, evident that too great a proportion of the Scottish Government’s transport budget is already being spent on large scale capital projects (and in particular those which support unsustainable private car and road freight transport). We are concerned that, with a borrowing power which is restricted to capital projects, this power as presently specified will only encourage the construction of further large scale projects whose profits largely
accrue to companies based outside Scotland, and with further detrimental effects on moves towards sustainable transport.

1.1.2. We recommend that borrowing powers be extended to allow their use to expand areas of expenditure which are currently neglected, such as the repair of our existing crumbling road network (something that has broad public support) but which would necessitate the removal of the restriction on borrowing solely to finance capital projects. This smaller-scale expenditure would not only benefit walkers, cyclists and bus users, as well as drivers of all types, but would also put government money back into local economies and small, Scottish-based businesses.

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Transform Scotland is the national sustainable transport alliance, campaigning for a more sustainable and socially-just transport system. Our membership includes bus, rail and shipping operators; local authorities; national environment and conservation groups; consultancies; and local transport campaigns. Transform Scotland Limited is a registered Scottish charity (SC041516).

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