POLICY NOTE

THE NATIONAL BUS TRAVEL CONCESSION SCHEME FOR OLDER AND DISABLED PERSONS (SCOTLAND) AMENDMENT ORDER 2015

SSI 2015/

1. The above instrument is made in exercise of powers conferred on the Scottish Ministers by sections 40(1), (3) and (4) and 52(4) of the Transport (Scotland) Act 2005 and is subject to affirmative resolution procedure.

2. Article 12 of the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Order 2006 ("the 2006 Order"), as amended by the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2010 (SSI 2010/140), and The National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2013 (SSI 2013/114), provides for the reimbursement of operators of eligible services for carrying passengers under the Scheme.

3. This instrument further amends the 2006 Order to prescribe the rate and capped level of funding for reimbursement in 2015-16 and 2016-17.

Policy Objectives

4. The National Concessionary Travel Scheme for Older and Disabled Persons provides an entitlement to free bus travel for people over 60 or meeting certain disability related criteria. This has been shown to deliver social and health benefits by enabling people more easily to access services and visit friends and relatives. In line with EU rules relating to transport state aids, operators can be reimbursed for the costs of participating in such a scheme so as to leave them no better or no worse off from doing so.

5. The objective of this Order is to enable operators to continue to be reimbursed after the expiry of the current reimbursement provisions on 31 March 2015 by setting rates and capped levels of funding for the next two financial years.

6. The rates reflect the findings of economic research commissioned by the Scottish Government and negotiations with the Confederation of Passenger Transport (CPT). The funding levels are set on the basis of the new reimbursement rates and estimates of the numbers of journeys and levels of fare rises over the next two years.

7. In 2015-16, the rate will be 57.1% (of the adult single fare) and the funding level will be £202 million. In 2016-17, the rate and funding level will be 56.9% and £212 million. The corresponding figures for 2014-15 are 58.1% and £192 million.

Consultation

8. Negotiations have taken place with the CPT, which represents approximately 80% of the bus industry in Scotland in terms of volume. The negotiations were based on the economic model developed in 2012-13 and involved extensive discussions with CPT focused on updating the inputs to the model to take account current economic forecasts, forecasts of industry costs and general inflation.

9. The negotiations with CPT concluded in an agreement which provides for a review of the reimbursement model in 2016-17. The exchange of letters constituting the agreement has been published on the Transport Scotland website.

Impact Assessments

10. There are no equality impact issues. The National Concessionary Travel Scheme is targeted at older and disabled people, providing social and health benefits by enabling people more easily to access services and visit friends and relatives. From the perspective of users, this Order enables the Scheme to continue on its present terms for the next two years.

11. A Business Regulatory Impact Assessment has been completed and is attached. The impact of this policy on business is to confirm arrangements for reimbursement of bus operators under the National Concessionary Travel Scheme for the next two years at levels which leave them no better and no worse off, in line with the objective in article 12(1) of the 2006 Order.

Financial Effects

12. The scheme has capped levels of funding of £202 million in 2015-16 and £212 million in 2016-17.

Date of implementation

13. The new rates will be effective from 1 April 2015.

Scottish Government
Transport Scotland

February 2015