POLICY NOTE

THE NATIONAL BUS TRAVEL CONCESSION SCHEME FOR OLDER AND DISABLED PERSONS (SCOTLAND) AMENDMENT ORDER 2018

SSI 2018/xxx

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), the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2013 (SSI 2013/114), the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2015 (SSI 2015/133) and the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2017 (SSI 2017/71) 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 2018-19.

Policy Objectives

4. The National Bus Travel Concession Scheme for Older and Disabled Persons ("the Scheme") provides an entitlement to free bus travel for people in Scotland age 60 and over or meeting certain disability-related criteria. In response to surveys, card holders tell us that the scheme provides them with social and health benefits, including by enabling them more easily to access services and visit friends and relatives. In line with Scheme objectives, operators can be reimbursed for the costs of carrying concessionary passengers provided they are left no better or no worse off through their participation in the Scheme. This complies with EU rules relating to state aid.

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 2018 by setting the reimbursement rate and capped level of funding for the next financial year (1 April 2018 to 31 March 2019).

6. The reimbursement rate reflects the outputs of an economic model developed as part of research commissioned by the Scottish Government and published in February 2013, and negotiations with the Confederation of Passenger Transport (CPT) on forecasts of future journey numbers and the growth in fares. The funding level is set on the basis of the new rate and estimates of the numbers of journeys and levels of fare rises over the next year.

7. In 2018-19, the reimbursement rate will be 56.8% (of the adult single fare) and the capped level of funding will be £202.1 million. The corresponding figures for 2017-18 are 56.9% and £196.16 million. The funding cap for 2018-19 is just over 3% higher than for 2017-18.

Consultation

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

9. The negotiations with the CPT concluded in an agreement covering the reimbursement rate and budget requirement and providing for further research to continue in 2018-19 with an on-going review of the reimbursement model. The exchange of letters constituting the agreement has been published on the Transport Scotland website.

Impact Assessments

10. There are no equality impact issues in relation to renewing the economic parameters of the Scheme. The Scheme is targeted at older and disabled people. User feedback highlights social and health benefits, including 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 year.

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 Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) for the next year 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 £202.1 million in 2018-19.

Date of implementation

13. The new rate will be effective from 1 April 2018.

Scottish Government
Transport Scotland

January 2018