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Ben Macpherson MSP
Deputy Convener
Net Zero, Energy and Transport Committee
The Scottish Parliament
EDINBURGH
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Dear Ben,

It has come to my attention that evidence given during the Net Zero, Energy and Transport Committee to discuss the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2024 [draft] on 5 March requires clarification.

1. In my response to Monica Lennon MSP during the session on the budgetary cap for the Older and Disabled Persons scheme (ODPS) being reached, I stated that: "If we meet the limits on the capped amount, and if monitoring in-year suggests that the claims are likely to exceed the cap, claims for the latter part of the year are paid at a lower rate than is set out in the legislation, so as to keep the total payments under the scheme within the statutory cap".

To clarify, if in-year monitoring suggests payments are likely to exceed the cap, Transport Scotland would write to inform operators as early as possible in the financial year. Payments would continue to be made at the rate set out in the legislation until the cap is reached and Ministers would then, including through discussions with operators, consider whether any further action may be desirable and appropriate to manage operators' costs, with the aim of mitigating the risk of any service reductions for passengers.

2. In response to Mark Ruskell MSP asking how many times the budgetary cap for the Older and Disabled Persons Scheme had been breached, Transport Scotland responded that this had happened once. However, the cap has been applied on three occasions, most recently this was in 2018-2019 but also in 2012-2013 and 2013-2014.

I understand that following the Committee Session, the Director of the Confederation for Passenger Transport (CPT), Paul White, who represents bus operators interests has written to the Committee seeking to challenge some of the points made during the session, from the bus sector's perspective. I will take this opportunity to provide some clarification for the Committee on his points.

As was acknowledged during the Committee evidence session on the draft Order, the modelling underpinning the reimbursement of bus operators is complex. It is an objective to provide that operators are financially no better and no worse off as a result of their participation in the schemes. This objective has been in place since the commencement of the ODPS in 2006 and this objective was replicated for the Young Persons scheme (YPS) when introduced in 2021. These arrangements aim to ensure we can continue to deliver these highly valued schemes while providing a degree of stability to the bus sector on a basis that is fair to operators and affordable to public funds. It is important to note the agreed reimbursement rate for ODPS in 2024-25 fully accounts for the latest data provided by the bus industry on operating costs and fares and was agreed in writing on 12 January by the Confederation of Passenger Transport who represent bus operators across Scotland.

I acknowledge that the principle of the capping mechanism for the ODPS is not supported by the bus industry. However, it is also important to note that the budget cap for the scheme, set at £203.5 million for 2024-25, does not influence the reimbursement rate, and is set based on the anticipated spend on the scheme also using latest industry data. This provides assurance that the cap is set at a realistic level while also protecting public funds.

In his letter, Mr White stated that he "would also query" the phrase "total agreement" as used by Transport Scotland officials to describe the outcome of discussions on the reimbursement rates for 2024-25, noting that while agreement was reached, this was dependent on a commitment that both sides continue to examine the discount factor within the ODPS through 2024.

I would like to clarify for the record that CPT thanked Transport Scotland in writing for the constructive dialogue in reaching an agreed outcome for 2024-25 and confirmed in the same letter that the reimbursement rates agreed were in line with their expectations. The YPS is still in its relative infancy and travel behaviours are continuing to develop. Accordingly, it was expected and anticipated that Transport Scotland and industry would need to continue working together during the coming financial year to agree a final model and data inputs, including the discount factor, for future years.

I thank the bus industry and CPT for their collaboration in agreeing reimbursement rates for the concessionary schemes for the upcoming financial year. I welcome their commitment to working with Transport Scotland further on the reimbursement models in 2024 for setting reimbursement rates for 2025-2026 and beyond.

I ask that the official record be updated with the above further information and that the additional information is brought to the attention of the committee members. The additional information I undertook to provide to the Committee during the Session will be provided in due course.

Yours sincerely

JIM FAIRLIE