

Maureen Watt MSP
Convener
Infrastructure and Capital Investment Committee
The Scottish Parliament
Edinburgh
EH99 1SP

31 January 2013

Dear Maureen

National Concessionary Travel Scheme for Older and Disabled People

As you may be aware, the Scottish Government has been in negotiations with the Confederation of Passenger Transport on future arrangements for reimbursing bus operators for carrying concessionary passengers under the National Scheme.

I am pleased to inform the Committee that following extensive discussions and close engagement with CPT, supported by detailed economic analysis, we have now reached agreement on reimbursement terms for the next two years. The details of the agreement are set out in the attached letter. Its key elements are as follows:

- Reimbursement rates and budget caps for the next two years: 60% and £187 million in 2013-14 and 58.1% and £192 million in 2014-15;
- Additional transitional relief totalling £10 million in 2012-13, to be paid to operators in March 2013 in proportion to projected reimbursement claims; and
- A commitment to continue to work with the industry to develop and refine an economic model, based on the economic analysis carried out to inform the negotiations, with a view to its being used for future years to simplify reimbursement rate and budget calculations, reducing uncertainty for all parties.

I believe that this agreement represents a fair deal for operators and bus users and secures the continued financial sustainability of this important scheme. We will provide further information for the Committee when the economic analysis and draft SSI are published in early February.

Kind regards



KEITH BROWN