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George Mair
Director
Confederation of Passenger Transport
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23 January 2017

Dear George,

Agreement on National Concessionary Travel arrangements for 2017-18

This letter concludes our discussions on the National Concessionary Travel Scheme arrangements for the next year.

As before, these discussions have been greatly facilitated by your constructive engagement and by the model which we developed together and agreed during 2012-13.

Use of the model

The model has been recalibrated with up-to-date outturns and current forecasts of factors such as costs, fares and journey numbers which we have agreed between us. This has enabled us to set reimbursement rates and budgets for the next year which should ensure operators are fairly reimbursed for carrying passengers under the Scheme.

On the basis of those agreed calculations, I propose that the reimbursement rate for the next year should be 56.9% in 2017-18.

The rate reflects the assumptions which we discussed on future growth in journey numbers, fares, inflation and industry costs. They imply budgetary requirements for Transport Scotland of £196.16m in 2017-18.

Future discussions

I propose that we discuss ways to renew these reimbursement terms for 2018-19 during 2017. I anticipate that the agreed model will have to be reviewed in more detail later this year, following our planned consultation on ways to better ensure the long-term sustainability of the concessionary travel scheme. We look forward to continued partnership working together on this.

When we agreed the model in early 2013, we also agreed that we should review it at least every five years. Scoping the review of the scheme will be possible later in 2017, when changes to the scheme and plans to include young people as eligible for the scheme become clearer.

Next steps

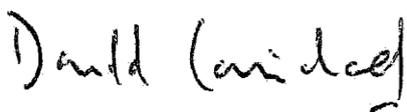
The arrangements for 2017-18 now need to feature in secondary legislation to be introduced this month for entry into force by 1 April. We will provide you with a draft Statutory Instrument shortly.

As with the previous agreements, we will also ensure that the agreed budgetary cover is provided.

When we complete this exchange of letters, we might perhaps liaise on the timing of our respective media handling and the letters that we will send to all operators.

I should be grateful for confirmation that this letter reflects your understanding of our agreement.

Yours Sincerely,



DONALD CARMICHAEL