



# SCOTTISH EXECUTIVE

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Our ref:

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*Brian Nimick*

## **UNRESTRICTED NATIONAL FREE BUS SCHEME FOR OLDER AND DISABLED PEOPLE**

This letter seeks ratification by the Confederation of Passenger Transport of the outline agreement on an unrestricted national concessionary travel free bus scheme for older and disabled people. The terms of the agreement are as we have discussed and are set out in the Annex. The agreement should be read with this letter.

At the outset, I should record our appreciation at the constructive approach adopted by CPT throughout the discussions leading up to this letter.

The agreement is, of necessity, in outline form. We jointly recognise that further work will be required to flesh out the detail of certain points, such as the cost escalator and the mechanism on average fares.

In exchanges prior to this letter, we indicated that we would make the following further points.

First, the agreement is made on the basis that the Executive will use best reasonable endeavours to ensure that no detrimental changes are made to existing reimbursement practices which could de-stabilise existing schemes.

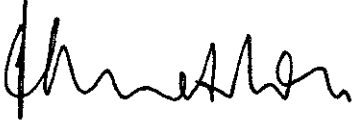
Second, on coverage, we undertook to set the context further as follows. Essentially, the intention of the Executive is to ensure that card holders will be able to access the services which they need in order to make reasonable use of the national scheme for older and disabled people. That means that coverage should include 'standard' local services and 'standard' non-local (or express) services available at any particular point in time. In a dynamic market, coverage should therefore include current 'standard' local services and 'standard' non-local (or express) services and such services where varied or newly introduced. The wording in the definition on coverage is intended to achieve this. At present, it is open to operators to seek to withdraw or otherwise to decline to take part in the bus scheme currently run by transport authorities. Ratification of the outline agreement will mean



that CPT signs up for voluntary participation by bus operators on the financial and other terms set out.

I look forward to CPT's ratification of the outline agreement as set out in the Annex and as read with this letter.

Yours sincerely



**JAMIE ROSS**  
**Head of Transport Division 2**



**CONCESSIONARY TRAVEL**  
**NATIONAL BUS SCHEME FOR OLDER AND DISABLED PEOPLE**

**OUTLINE AGREEMENT FOR AN UNRESTRICTED NATIONAL FREE BUS SCHEME FOR OLDER AND DISABLED PEOPLE**

- There will be no morning (or afternoon) peak restriction;
- The duration of the deal will be seven years with a major review after three years;
- There will be a single reimbursement rate for all operators with payment capped at £159m in 2006-07 and £163m in 2007-08;
- The cap for 2008-09 onwards will be calculated by an agreed cost escalator. The SE and CPT will work together to arrive at a fair, objective escalator;
- The headline reimbursement rate will be 73.6% of the average adult single fare. The headline reimbursement rate includes compensation for revenue forgone, additional costs and the cap;
- The national scheme will be administered centrally (by a national transport agency);
- Funding for the scheme will be ring-fenced so that the capped sums will be available in full to operators if justified by scheme usage;
- A system of ensuring that average adult single fares are based upon single fares with demonstrably substantial commercial sales will be applied;
- The scheme will be introduced by April 2006 at the latest;
- The costs of administering the scheme will be met by government over and above the cap;
- Coverage will be all non-local scheduled services where concessionary travel is currently offered for older and disabled people for part or all of the service and all local registered services. Coverage excludes some local services which are premium services, such as some airport, night or tour services.

Scottish Executive Transport Group  
 October 2004

