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Net Zero, Energy and Transport Committee

Net Zero, Energy and Transport Committee report on the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2024 [draft]



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Contents

Introduction	1
Consideration by the Delegated Powers and Law Reform (DPLR) Committee	2
Consideration by the Net Zero, Energy and Transport Committee	3
Older and Disabled Persons Scheme	3
The Capped level	3
The Reimbursement Rate	4
Eligibility Criteria for Older Persons Scheme	5
Young Persons Scheme	5
Free bus travel for asylum seekers	6
Fair Fares Review	6
Conclusion	7

Net Zero, Energy and Transport Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Net Zero and Just Transition, with the exception of matters relating to just transition; on matters relating to land reform, natural resources and peatland, Scottish Land Commission; Crown Estate Scotland, and Royal Botanic Garden within the responsibility of the Cabinet Secretary for Rural Affairs, Land Reform and Islands; and on matters relating to energy within the responsibility of the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy.



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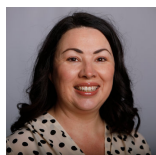
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Introduction

1. [The National Bus Travel Concession Schemes \(Miscellaneous Amendment\) \(Scotland\) Order 2024 \[draft\]](#) was laid before the Scottish Parliament on 25 January 2024. The draft instrument was referred to the Net Zero, Energy and Transport Committee for consideration and is subject to the affirmative procedure, meaning it must be approved by the Scottish Parliament before it can come into force.
2. It is for the Net Zero, Energy and Transport Committee to recommend to the Scottish Parliament whether the draft Regulations should be approved. On 29 January, the then Minister for Transport, Fiona Hyslop MSP, lodged motion [S6M-11994](#), proposing that the Committee recommends the draft Order be approved. The motion was supported by Jim Fairlie MSP, Minister for Agriculture and Connectivity.
3. The Order pertains to the operation of two National Bus Travel Concession Schemes in Scotland—
 - The National Bus Travel Concession Scheme for Older and Disabled Persons ('the Older and Disabled Persons Scheme'); and
 - The National Bus Travel Concession Scheme for Young Persons ('the Young Persons Scheme').
4. The [Policy Note](#) accompanying the draft Order says its purpose is to set out a capped level of funding for the Older and Disabled Persons Scheme for the coming financial year. The capped level refers to the limit set on the total amount bus operators can be paid for taking part in the Older and Disabled Persons Scheme. It also says the instrument will set out the reimbursement rate for both the Older and Disabled Persons Scheme and the Young Persons Scheme for the coming financial year. The reimbursement rate is the proportion of the full adult fare bus operators are paid for each concessionary traveller using their services.

Consideration by the Delegated Powers and Law Reform (DPLR) Committee

5. At its meeting on 6 February 2024, the DPLR Committee considered the instrument and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

[Read the Official Report - 6 February 2024](#)

Consideration by the Net Zero, Energy and Transport Committee

6. At its meeting on 5 March 2024, the Committee considered and disposed of the draft Order. It took evidence from—
 - Jim Fairlie, Minister for Agriculture and Connectivity, Scottish Government;
 - Dorothy Cohen, Lawyer, Scottish Government;
 - Gary McIntyre, Economic Adviser, Transport Scotland; and
 - Bettina Sizeland, Director of Bus, Accessibility and Active Travel, Transport Scotland.
7. The evidence taken at the meeting can be read in the Official Report, which is available at the following web page—
[Read the Official Report - 5 March 2024](#)
8. In his opening remarks, the Minister said the Order accords with an agreement between the Scottish Government and the Confederation of Passenger Transport (representing the interests of Scottish bus operators) in relation to the reimbursement rate and capped levels. He added that the rates established in the Order were compatible with the legislative requirement that bus operators "should be no better and no worse off as a result of their participating in the schemes".¹

Older and Disabled Persons Scheme

The Capped level

9. The Committee queried the rationale for the capped level set for the Older and Disabled Persons Scheme. The Minister said that the capped level was determined based on the predicted usage set out in the modelling.² The Committee questioned the expected usage identified by the modelling. A Transport Scotland official said "There is a range of uncertainty around any demand-led scheme", but said the expectation for the Older and Disabled Persons Scheme was that bus patronage would be 80% of levels before the outbreak of COVID-19.³
10. The Committee questioned if there was a risk that the cap could be breached if passenger numbers continued to rise. The Minister said that whilst this was a consideration, the figures on the usage of bus services and its relationship to the capped level would be reviewed on a monthly basis. He added that the modelling for the Older and Disabled Persons Scheme has historically provided an accurate depiction of the expected levels.⁴
11. The Committee asked if the purpose of the cap was to ensure budgetary prudence. The Minister said the point of the cap was to protect taxpayers' money and was agreed with bus operators.⁵

12. The Committee questioned the impact on bus operators and users if the capped level was reached. The Minister said in this scenario the reimbursement claims from bus operators in the later part of the year would be paid at a lower rate to ensure the total payments did not exceed the capped level. He added that if this happened Transport Scotland would also write to bus operators to that effect. ⁶
13. The Committee queried the impact on services if the cap was reached. The Minister said "Individual bus operators will decide whether they want to be part of the scheme. We will have to deal with that issue if it arises as we get nearer to the end of the scheme". ⁷ The Committee asked if these scenarios had been part of Transport Scotland's modelling. The Minister said the modelling reflects historic data and trends, adding "there is no indication that it will increase to the level at which we will have to do anything with the budget cap". The Committee asked if the Minister could share Transport Scotland's modelling. The Minister agreed to provide this information to the Committee. ⁸
14. The Committee asked the Minister to confirm that no services would be impacted if the capped was reached, and that the data would instead be used to inform discussions with bus operators regarding the capped level for the following financial year. The Minister said this assertion was accurate. ⁹
15. The Committee asked if the introduction of a cap was disincentivising bus operators from growing bus patronage. The Minister said the Scottish Government had budgetary constraints and therefore "we have set a cap at the level that we think the usage and the patronage will be." ¹⁰
16. The Committee queried how many occasions the capped level had been attained. A Transport Scotland official confirmed this happened once in 2018/19. The Committee queried the individual circumstances behind the cap being reached that year. A Transport Scotland official said this was partly due to a rise in patronage that year, but was primarily due to a rise in operating costs. ¹¹

The Reimbursement Rate

17. The Committee queried the 0.9% reduction in the reimbursement rate set out in the Order. The Minister said the rate was determined following modelling by Transport Scotland which sets out what the expected usage of services will be for the coming year. He said the reduction in the reimbursement rate was in line with the predicted level of bus patronage. ¹²
18. The Committee asked what the reimbursement rate would be reduced to if the capped level was reached. The Minister said this would depend on the levels of bus patronage and the capped level at the time. A Transport Scotland official said the cap was exceeded in 2018/19 and in this case Transport Scotland wrote to industry and secured additional funding to cover the costs. A Committee Member commented that information around what would happen in the scenario that the cap was reached was not included in the Order. ¹³
19. The Committee queried the long-term reduction in the reimbursement rate and its

impact on bus operators. The Minister said the increase in bus patronage over recent years and an increase in cardholders has led to a concurrent reduction in the reimbursement rate. He added that this balances itself out and ensures bus operators remained not better or worse off.¹⁴ The Committee probed whether a reduction in reimbursement rate might result in bus operators increasing their fares. A Transport Scotland official said that the predicted fare levels were considered as part of negotiations between Transport Scotland and bus operators when setting the reimbursement rate.¹⁵

20. The connection between the reimbursement rate and bus fares was explored further. The Minister undertook to ensure information on this matter was set out in the modelling data he had agreed to share with the Committee.¹⁶
21. The Committee discussed the pressures on bus operators and whether the reduction in the reimbursement rate could have unintended consequences. The Minister said that "if the running costs of bus companies go up, they will manage that as an operator". He added that the Scottish Government was focussed on protecting public money.¹⁷ The Committee probed whether a rise in fares due to the lower reimbursement rate could discourage passengers from using bus services. The Minister said "Bus companies will take commercial decisions on how much to increase their fares, and they will work out what the ratio is going to be". He said that increases in younger people using buses illustrated the success of the scheme in encouraging modal shift. A Transport Scotland official added that bus operators were also being supported financially by the Network Support Grant.¹⁸
22. The Committee queried if bus operators had raised any concerns about the reimbursement rate. A Transport Scotland official noted that the rates for both schemes were agreed with industry.¹⁹

Eligibility Criteria for Older Persons Scheme

23. The Committee asked if the Scottish Government was considering changes to the current age eligibility criteria for the Older and Disabled Persons scheme. The Minister said "I will give you no commitments at the moment. I would have to come back to you with the details of that, because that is not something that I have looked at".²⁰

Young Persons Scheme

24. The Committee queried the current uptake of the Younger Persons Scheme. The Minister said it was more difficult to predict bus patronage for the Younger Persons Scheme due to a lack of historical data in comparison to the Older and Disabled Persons Scheme. This was the reason for the Scottish Government deciding not to set a capped level for the Younger Persons Scheme at this time.²¹
25. The Committee asked if the Minister could provide an update on how the Scottish Government was responding to issues highlighted regarding a "minority of

under-22s who were abusing the scheme". The Minister undertook to provide further details on this in follow-up correspondence.²²

26. The Committee questioned if a cap on the Young Persons Scheme would be considered in the future. The Minister said that he would review data when it is available to make future decisions on that.²³
27. The Committee asked if the Scottish Government had a target for the increase in cardholders for the Young Persons Scheme, and whether uptake of younger people had reached its limit. The Minister said "there is definitely scope to get more people on buses" and the aim was to increase bus patronage amongst younger people as much as possible.²⁴
28. The proposal of allowing younger people to use bus services without a national entitlement card for essential travel such as attending school was discussed. The Minister said he would look into this issue and set out the Scottish Government's position in follow-up correspondence.²⁵

Free bus travel for asylum seekers

29. The Committee asked about the proposed extension of free bus travel to asylum seekers. The Minister said he would write to the Committee to set out further details on the development of the scheme.²⁶

Fair Fares Review

30. The Committee asked if the Scottish Government would give consideration to alternative model of financing concessionary schemes if they led to a more efficient and cost-effective delivery of these services. The Minister said that "the schemes that are in place now are doing the job that we are trying to get them to do". He added that the Fair Fares Review would be assessing the current service arrangements.²⁷ The Committee queried when the Fair Fares Review would be published. The Minister said it would be forthcoming in the coming weeks.²⁸ The Committee asked if the recommendations of the review would be implemented before the end of the current Parliamentary term. The Minister answered "Once the review is done, we will be able to give you more detail".²⁹

Conclusion

31. Following questions to the Minister and officials, the Committee then moved to formally dispose of the instrument. The Minister moved the motion in the name of Fiona Hyslop MSP—

That the Net Zero, Energy and Transport Committee recommends that the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2024 [draft] be approved.

32. Various contributions were made by Committee Members. Comments included—

- Graham Simpson MSP raised concerns about the reimbursement rate and its impact on the bus operators, particularly if the capped level was reached;³⁰
- Bob Doris MSP noted the robust and sophisticated modelling drawn upon by Transport Scotland when predicting bus patronage and therefore the levels set for the coming year. He also noted that on the occasion the capped level was exceeded, bus operators and the Scottish Government agreed a recourse which was acceptable for commercial interests as well as for public finances;³¹
- Bob Doris MSP noted his support for both concessionary schemes and their positive impact;³²
- Monica Lennon MSP emphasised the importance of engagement with both bus operators but also communities they serve. The specific challenges relating to certain local areas in accessing bus services was also mentioned.³³

33. The Minister responded to the debate by stating that he would take on board comments made by the Committee. He added that he was committed to delivering a world-class bus service in Scotland.³⁴

34. The motion was agreed to without division.

35. The Net Zero, Energy and Transport Committee recommends that the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2024 [draft] be approved.

- 1 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 4.
- 2 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 5.
- 3 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 5.
- 4 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 6.
- 5 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 7.
- 6 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 8.
- 7 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 8.
- 8 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 8.
- 9 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 9.
- 10 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 10-11.
- 11 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 11.
- 12 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 4-5.
- 13 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 9-10.
- 14 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 14.
- 15 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 14-15.
- 16 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 15-16.
- 17 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 16-17.
- 18 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 16-17.
- 19 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 17-18.
- 20 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 20.
- 21 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 6.
- 22 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 11-12.
- 23 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 12.
- 24 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 12-13.
- 25 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 14.

Net Zero, Energy and Transport Committee

Net Zero, Energy and Transport Committee report on the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2024 [draft], 4th Report, 2024 (Session 6)

- 26 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 13.
- 27 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 18-19.
- 28 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 19.
- 29 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 20.
- 30 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 21.
- 31 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 21-22.
- 32 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , cols 21-22.
- 33 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 22.
- 34 Net Zero, Energy and Transport Committee. [Official Report, 5 March 2024](#) , col 22-23.

