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Dear Liam

Thank you for your joint letter with Tavish Scott MSP of 6 March 2013 concerning discounts on the Northern Isles ferry services and, in particular, discounts available to schools, sports and other community groups. I note that you met with Serco NorthLink's Managing Director, Stuart Garrett recently and that he fully explained the company's position.

As is set out in Schedule 4 of the public services contract with Scottish Ministers, Serco NorthLink are required to offer the following range of discounts:

- **Islander Discount:** this gives a 30% discount on passenger and car tickets for island residents;
- **National Concessions:** currently this gives a 10% concession to senior citizens with a National Entitlement Card, disabled passengers and those in full-time education. For example, this means that an islander card holder who is also a NC card holder on a fare of £100 would receive a £30 discount, reducing the fare to £70. They would then receive a further discount of 10% on the £70 thereby reducing the fare to £63.00;
- **ScotRail Travel Pass and Highland Rover tickets:** this gives a 20% discount on the seated passenger standard fare purchased on the day of sailing;
- **Blind Persons Concession:** there are 100% discount fares for blind people; and
- **National Concession Travel:** this currently gives up to four single journeys each year for National Entitlement Card Holders resident in the Northern Isles.

This is a broader range of fare discounts than has been specified in any previous Scottish Government ferry services contract. However, in addition to these “mandatory discounts”, Serco have taken steps to ensure that islanders benefit from additional non-contractual discount opportunities. They operate the “Family & Friends” scheme, which allows islanders to nominate up to 6 Family and Friends households, who live outside Orkney and Shetland, to be eligible to receive a 30% discount.

In addition, Serco have also introduced a Sponsorship scheme. With an annual budget of £100,000, this scheme is specifically designed to provide access to discounted travel for schools, sports and other community groups. Unlike the “Schools and Communities” discount – which operated under the previous contract and has continued in the first months of the new contract – Serco’s Sponsorship scheme has a formal application process and a transparent mechanism to ensure that the discount is applied fairly and appropriately with each application being evaluated on its particular merits. Indeed, Serco intend to set up a committee of local representatives to decide on the application criteria and on the selection of applications, thereby ensuring strong community involvement in the decision making process. Serco’s annual budget of £100,000 compares favourably with the £60,000 cost of previous “Schools and Communities” discount scheme.

On the basis that, their Sponsorship scheme will fully address the needs of schools, sports and other community groups – on a fair and equitable basis – Serco have decided to discontinue the old “Schools and Communities” discount, from 31 March 2013. I am satisfied that Serco’s Sponsorship scheme is well placed to give the level of support to local sports and other community organisations that you are concerned to see continue. Going forward, Transport Scotland’s ferry contract management staff will monitor the impacts of these changes.

I am happy to listen to further representation and can confirm I have written in similar terms to Tavish Scott.

Kind regards



KEITH BROWN