

## Report to Partnership Meeting 7 February 2025

### Research and Strategy Delivery

#### Regional £2 Bus Fare Cap Pilot – Highlands and Islands

#### PURPOSE OF REPORT

This report advises Members that HITRANS, working in partnership with ZetTrans, has been selected by the Scottish Government and Transport Scotland to deliver the £2 Regional Bus Fare Cap Pilot across the Highlands, Moray, Argyll and Bute, and the island communities of the Western Isles, Orkney and Shetland.

The pilot is supported by £10 million of Scottish Government investment and will operate for a 12-month period from January 2026. It aims to improve the affordability and accessibility of bus travel, support lower-income passengers, encourage increased use of public transport, and strengthen the sustainability of local bus services. Selection followed a competitive Expression of Interest process and represents a significant strategic opportunity for the region and for HITRANS.

#### INTRODUCTION

As part of the 2025/26 Scottish Budget, Ministers committed to piloting a £2 cap on adult single bus fares to improve affordability and generate evidence to inform future national policy on bus fares.

Following an Expression of Interest process open to all Regional Transport Partnerships, the Scottish Government confirmed its intention to work jointly with HITRANS and ZetTrans to deliver the pilot across a geographically extensive and operationally diverse area covering much of the Highlands and Islands and Moray. The Cabinet Secretary for Transport has publicly confirmed the appointment and highlighted the role of affordable public transport in supporting access to employment, education, services and social connectivity.

#### OVERVIEW OF THE PILOT

The pilot will cap the maximum adult single bus fare at £2, with participating operators reimbursed by Transport Scotland for the difference between the capped fare and their prevailing commercial fare, in line with agreed business rules.

The pilot will:

- operate on a voluntary basis for bus operators;
- be centrally administered by Transport Scotland;

- involve close working with HITRANS and ZetTrans on design, engagement, communications, monitoring and evaluation; and
- place a strong emphasis on generating robust, transferable evidence to inform future national decisions.

## **HITRANS' ROLE IN DEVELOPING THE CASE**

HITRANS played a central role in shaping the successful joint Expression of Interest, providing strategic leadership and analytical input that articulated the **national value** of the Highlands and Islands as a pilot area.

Key elements of the case developed by HITRANS included:

- demonstrating that the region provides a single, coherent geography spanning urban, rural and island bus networks;
- highlighting the presence of multiple operating and funding models, including commercial, supported and fully contracted services;
- setting out the scale and nature of existing public investment in bus services and the importance of testing fare interventions alongside these arrangements;
- evidencing how fare affordability is a material barrier for working-age adults in rural and island communities; and
- demonstrating strong delivery readiness through established partnerships with local authorities and operators.

This approach positioned the pilot not simply as a subsidy exercise, but as an evidence-generating intervention capable of informing national reform.

## **WHY THE REGION WAS SELECTED**

The joint HITRANS–ZetTrans submission demonstrated that the pilot area offers a uniquely robust test environment due to:

- low-density and remote geographies where fare impacts are proportionally significant;
- integration with ferry, rail and air services;
- a mix of governance and contractual models allowing comparative analysis; and
- strong alignment with regional growth, inclusion and sustainability objectives.

Together, these factors were presented as enabling high-quality, transferable learning for Scotland as a whole.

## **EXPECTED BENEFITS**

The Regional £2 Bus Fare Cap Pilot is expected to deliver a range of interlinked benefits across affordability, accessibility, service sustainability and public value.

The most immediate benefit will be improved affordability for working-age adults, particularly those not eligible for concessionary travel. In rural and island areas, where journey distances are longer and fares can be comparatively high, the £2 cap represents a significant reduction in travel costs and is expected to ease transport-related financial pressures on households.

Increased affordability is anticipated to lead to higher levels of bus use, through both modal shift from private car where alternatives exist and the release of suppressed demand where journeys may previously not have been made due to cost. In more remote communities, this may be reflected in increased frequency of essential and discretionary trips rather than direct modal substitution.

Higher patronage will support better utilisation of existing services, improving the effectiveness and value for money of current public investment in supported and contracted networks. Over time, this may contribute to improved service resilience, particularly on marginal routes, and help reduce seasonal volatility in tourism-sensitive areas.

More broadly, the pilot supports national and regional objectives on access to opportunity, enabling improved connectivity to employment, education, healthcare and services, while reinforcing the role of bus as a key component of a sustainable and inclusive transport system.

## **ROLE OF HITRANS AND ZETTRANS**

HITRANS and ZetTrans will work with Transport Scotland to:

- finalise pilot design and business rules;
- engage with local authorities, operators and communities;
- coordinate launch and communications activity; and
- support monitoring and evaluation throughout the pilot period.

This role aligns closely with the statutory functions of both RTPs and the delivery of their respective Regional Transport Strategies.

## **STRATEGIC SIGNIFICANCE FOR HITRANS**

The selection of HITRANS, in partnership with ZetTrans, to deliver the Regional £2 Bus Fare Cap Pilot represents a clear endorsement of HITRANS' strategic leadership, analytical capability and institutional credibility.

The award of the pilot reflects confidence in HITRANS' ability not only to deliver national policy but to shape it, by articulating how regional diversity and operational complexity can be harnessed to generate meaningful, transferable evidence. It demonstrates the maturity of HITRANS as a strategic body operating effectively at the interface between national objectives and local realities.

The pilot provides a practical example of regional empowerment in action, with HITRANS playing an active role in shaping, delivering and evaluating a nationally significant intervention. This aligns with Scottish Government ambitions to strengthen the role of Regional Transport Partnerships as convenors and leaders of place-based transport solutions.

Participation in the pilot places HITRANS at the centre of an evidence-led national policy debate on bus fares and affordability. The learning generated will directly inform future decisions on fare policy and ensures that the needs of rural and island communities are embedded in national decision-making.

The pilot also strengthens relationships with Transport Scotland, local authorities and operators, supporting more informed collaboration on future investment and reform. Overall, it reinforces the case for RTPs as essential partners in delivering Scotland's transport and regional development ambitions.

## RISK REGISTER

Category	Impact	Comment
RTS Delivery	Positive	Supports affordability, inclusion and modal shift objectives.
Policy	Positive	Strengthens the role of RTPs in shaping national transport policy.
Financial	Positive	National funding supports improved value for money from existing public investment.
Equality	Positive	Directly benefits low-income and transport-disadvantaged communities.

## RECOMMENDATION

Members are asked to:

1. Note the successful selection of HITRANS, in partnership with ZetTrans, to deliver the £2 Regional Bus Fare Cap Pilot;
2. Recognise the strategic role played by HITRANS in developing the successful Expression of Interest; and
3. Support officers in progressing joint delivery with Transport Scotland, local authorities and operators.

**Report by:** Ranald Robertson

**Designation:** Partnership Director

**Date:** 5 January 2026