

Report to Partnership Meeting 11 September 2026

Research and Strategy Delivery

Regional £2 Bus Fare Cap Pilot – Highlands and Islands

This report updates Board Members on delivery of the Regional £2 Bus Fare Cap Pilot across the Highlands and Islands and highlights emerging local evidence on patronage, affordability and the role of the pilot in addressing the additional cost of accessing everyday opportunities and services.

It builds on the report presented to the Partnership Meeting on 24 April 2026, when the pilot had completed its phased regional rollout and entered full live delivery.

BACKGROUND

As previously reported, Transport Scotland committed to delivering a £2 bus fare cap pilot, funded through the Scottish Budget 2025-26 with £10 million for full-year operation and £3 million for establishment and initial implementation.

Following an Expression of Interest process, the Scottish Government confirmed that HITRANS and ZetTrans would jointly deliver the pilot across the Highlands and Islands in partnership with Transport Scotland. The pilot covers Highland, Moray, Argyll and Bute, the Western Isles, Orkney and Shetland.

The pilot caps the adult single bus fare at £2 for a 12-month period and is intended to generate robust evidence on affordability, patronage, value for money and service sustainability.

Participation by operators is voluntary.

The phased rollout was completed as follows:

- Shetland - live from 30 January 2026;
- Western Isles - live from 23 February 2026;
- Orkney - live from 9 March 2026; and
- Highland, Moray and Argyll and Bute - live from 23 March 2026.

The phased approach allowed ticketing, reimbursement and communications processes to be tested while accommodating the range of commercial, supported, in-house and island operating models across the region.

CURRENT POSITION

The pilot is now well established across the region. More than 1,000,000 journeys had been made under the scheme by the point at which HITRANS provided a public update earlier in the

summer. Transport Scotland continues to hold the most complete programme-level information on journey volumes, expenditure and passenger savings, while HITRANS has focused on complementing this with local evidence on how the pilot is affecting travel behaviour and affordability.

The early evidence available to HITRANS is encouraging. It suggests that the cap is not only reducing the cost of journeys that would otherwise have been made, but is also helping to stimulate additional fare-paying use on parts of the network.

EXAMPLE OF IMPACT OF FARE CAP - HIGHLAND COUNCIL IN-HOUSE SERVICES

Following initial reporting by Highland Council, HITRANS undertook a more detailed check of the figures for the Council's in-house bus network. The more granular data shows a substantial increase in passengers paying the £2 fare when compared with the equivalent months in 2025.

Month	Fare-paying passengers 2025	Fare-paying passengers 2026
April	1,631	5,727
May	2,026	6,388
June	1,698	6,586
July	2,605	7,829*

** July 2026 figure reflects the position at the point the data was last checked.*

These figures require an important caveat. Highland Council introduced seven new routes during the period, so it would be wrong to attribute all of the increase to the fare cap. Nevertheless, the scale of the uplift is significant and provides strong early local evidence that the combination of a simple fare offer and a much lower maximum price is helping to stimulate demand.

RURAL AFFORDABILITY AND COST OF LIVING

A particularly important feature of the pilot in the Highlands and Islands is the function served by longer rural bus journeys. Many are not discretionary trips. They are how people access employment, education, basic retail and other everyday services and opportunities.

In urban areas, many of these destinations are relatively close to hand and can be reached through shorter, lower-cost journeys. In rural and island communities, people may have little choice but to travel 50, 80 or even 100 miles to access the same basic opportunities. Distance therefore creates an additional cost simply from living rurally.

The £2 cap is consequently more than a conventional public transport discount in this context. It directly addresses an element of the higher cost of living faced by rural households. Transport can be a significant part of a household budget and, particularly for people on lower incomes, the cost of getting to work, college, shops or essential services can become a tipping point into real financial pressure.

A flat £2 fare changes that equation. It does not remove the distance people need to travel, but it substantially reduces the financial penalty associated with that distance. The simplicity of the offer is also important: passengers know before travelling that an eligible single journey will cost no more than £2, removing uncertainty from the cost of making longer trips.

ALIGNMENT WITH PILOT AND REGIONAL TRANSPORT STRATEGY OBJECTIVES

The emerging evidence remains strongly aligned with the objectives reported to the Board in April. Statistics from bus operators including as outlined above provides early indications of increased bus use among fare-paying passengers, including the working-age market that is less

likely to benefit from existing concessionary travel. Early indications are that growth of 10 – 15% has been attributed to the Fare Cap (public statement by ember and in meeting discussion with Stagecoach) as well as the detailed analysis of Highland Council operations.

For HITRANS, the pilot also directly supports Regional Transport Strategy objectives around reducing inequalities, supporting inclusive economic growth and improving access to opportunity. The particular value in the Highlands and Islands is that affordability intervention is being tested across very different geographies and service models, generating evidence that reflects the realities of rural, island and remote communities.

The pilot also continues to demonstrate the ability of Regional Transport Partnerships to work with Transport Scotland, local authorities and operators to coordinate delivery across a large and diverse multi-authority area.

MONITORING AND NEXT STEPS

Transport Scotland is leading the formal monitoring and evaluation of the pilot, with HITRANS and ZetTrans continuing to support the collection and interpretation of regional evidence. Over the remainder of the pilot HITRANS will seek to supplement the programme-level data with local evidence that helps explain the impact behind the headline figures.

This will include:

- continuing to monitor patronage and fare-paying use across different parts of the regional network;
- working with local authorities and operators to identify changes in travel behaviour that can reasonably be associated with the fare cap;
- capturing passenger experience and case-study evidence, particularly where the cap is improving access to employment, education, retail and essential services;
- considering the interaction between affordability, patronage growth and the sustainability of rural and supported bus services; and
- supporting Transport Scotland's evaluation so that the Highlands and Islands experience is fully reflected in any consideration of the future of affordable fares policy beyond the 12-month pilot.

RECOMMENDATION

Members are invited to:

1. note the progress of the Regional £2 Bus Fare Cap Pilot since the April 2026 Partnership meeting;
2. note the encouraging early evidence of increased fare-paying patronage on Highland Council in-house services, while recognising the need for appropriate caveats and formal evaluation;
3. note the particular role of the pilot in addressing the higher cost of accessing employment, education, retail and essential services in rural and island communities; and
4. support continued collaborative delivery, monitoring and evaluation of the pilot with Transport Scotland, ZetTrans, local authorities and operators

RISK REGISTER

Category	Impact	Comment
RTS Delivery	Positive	Supports affordability, inclusion, access to opportunity and modal shift objectives.
Policy	Positive	Provides regionally relevant evidence to inform future national policy on affordable bus fares.
Financial	Positive	National funding reduces the cost of bus travel for passengers and supports demand on local services.
Equality	Positive	Particularly benefits people who face higher transport costs because employment, education and essential services are further from home.

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