Item:

7

Report to Partnership Meeting 6 November 2026

Research and Strategy Delivery

Regional £2 Bus Fare Cap Pilot - Highlands and Islands

PURPOSE OF REPORT

This report updates Members on the Regional £2 Bus Fare Cap Pilot. More than 1.5 million journeys had been claimed across the Highlands and Islands by the end of August 2026, while the extension into Strathclyde from 7 September has widened the reach of the scheme and introduced a clear £4 cap for eligible cross-boundary journeys between the two regions.

The latest evidence points to strong growth in bus use across the region. This is encouraging, although formal evaluation remains necessary to separate the effect of the fare cap from wider changes in routes, service levels and travel demand.

BACKGROUND

The Scottish Government introduced the Regional £2 Bus Fare Cap Pilot to make bus travel more affordable and accessible, encourage greater public transport use and generate evidence on patronage, value for money and service sustainability. HITRANS and ZetTrans deliver the Highlands and Islands pilot with Transport Scotland and participating operators.

The pilot was introduced in phases: Shetland on 30 January 2026; the Western Isles on 23 February; Orkney on 9 March; and Highland, Moray and Argyll and Bute on 23 March. Participation by operators is voluntary and concessionary travel remains unchanged.

LATEST POSITION TO THE END OF AUGUST

Updated claims information confirms that more than 1.5 million journeys have been claimed through the scheme since launch across the Highlands and Islands. More than 1.3 million of those journeys were made in the HITRANS mainland area, with the balance across the island authority areas.

Measure	Position at 31 August 2026
Journeys claimed across the Highlands and Islands	More than 1.5m
Journeys claimed in the HITRANS mainland area	More than 1.3m
Journeys claimed across island authority areas	Balance of regional total

The scale of take-up demonstrates that a simple, readily understood fare offer is meeting substantial demand. Transport Scotland's published material also notes average passenger savings of more than £6 per journey in the Highlands and Islands, underlining the value of the scheme for longer-distance rural travel.

EXTENSION TO STRATHCLYDE AND CROSS-BOUNDARY TRAVEL

The £2 Bus Fare Cap extended to Strathclyde on 7 September 2026. This is the next major phase of the Scottish Government's planned expansion and will test the fare cap in a large urban bus market alongside the established rural and island pilot.

The arrangements are particularly relevant to services linking the HITRANS and Strathclyde Partnership for Transport areas. Where an eligible journey crosses both fare-cap regions without entering another Regional Transport Partnership area, the cap applies separately to each regional zone. The maximum eligible single fare is therefore £4. For example, a passenger travelling on an eligible through service from Oban to Glasgow pays £2 for the Highlands and Islands section and £2 for the Strathclyde section.

The published rules remain important: a separate fare is required each time a passenger changes bus; journeys that are only partly within a fare-cap area attract the capped fare for the eligible section and the normal fare for the remainder; and premium-fare services are excluded.

EMERGING PATRONAGE EVIDENCE

At the CPT Scotland Conference on 14 September 2026, the Cabinet Secretary confirmed that passenger journeys across the Highlands and Islands were 36% higher year on year. This regional figure is supported by emerging evidence from operators and local authorities:

- Stagecoach has indicated year-on-year growth of approximately 26% across its relevant operations;
- Moray Council's m.connect services are up 23% year on year; and
- early indications are that under-22 travel on m.connect has also increased.

The increase in under-22 travel alongside fare-paying patronage may indicate more family journeys, with adults using the £2 fare while children travel using their National Entitlement Card. It may also indicate that some journeys are now being made by bus rather than car. These are plausible interpretations rather than confirmed causal findings and should be tested through the formal evaluation and further local evidence.

Taken together, the regional, operator and local-authority indicators provide a consistent early signal of increased demand. The evidence does not yet allow all growth to be attributed to the fare cap, but the breadth and scale of the increases strengthen the case that improved affordability is contributing to higher bus use.

RURAL AFFORDABILITY AND REGIONAL OUTCOMES

The fare cap has particular value in the Highlands and Islands because residents often travel much farther than people in urban areas to reach work, education, healthcare, shops and other essential services. A flat fare reduces the financial penalty associated with distance and gives passengers certainty about the cost of an eligible journey.

The latest patronage evidence also supports Regional Transport Strategy objectives on reducing inequalities, improving access to opportunity and encouraging modal shift. If a sustained share of the additional journeys represents a switch from car to bus, the pilot could deliver wider benefits through reduced household transport costs, lower emissions and stronger demand for local services. Formal monitoring should test this directly.

MONITORING AND NEXT STEPS

Transport Scotland is leading the formal monitoring and evaluation of the pilot. HITRANS will continue to work with ZetTrans, local authorities and operators to ensure that the Highlands and Islands experience is fully reflected. Priorities are to:

- validate and monitor journey claims, patronage and expenditure across mainland and island areas;
- understand the causes of year-on-year growth, including the interaction between fare-paying and concessionary travel;
- collect evidence on family travel, journey purpose and any switch from car to bus;
- assess how the Strathclyde extension and £4 cross-boundary cap affect longer-distance travel; and
- support the national evaluation and consideration of the future of affordable fares policy beyond the pilot.

RECOMMENDATION

Members are invited to:

1. note that more than 1.5 million journeys had been claimed across the Highlands and Islands by the end of August 2026, including more than 1.3 million in the HITRANS mainland area;
2. note the extension of the £2 fare cap to Strathclyde from 7 September 2026 and the £4 maximum for eligible journeys crossing the Highlands and Islands and Strathclyde fare-cap areas;
3. welcome the strong emerging patronage indicators, including 36% year-on-year growth across the Highlands and Islands, while recognising that formal evaluation is required to establish causation; and
4. support continued work with Transport Scotland, ZetTrans, local authorities and operators to assess family travel, modal shift, rural affordability and service sustainability.

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 the evaluation and future affordable-fares policy.
Financial	Positive	National funding reduces passenger costs and supports demand; claims and expenditure require continued monitoring.
Equality	Positive	Particularly benefits people facing higher transport costs because essential opportunities and services are farther from home.

Report by: Ranald Robertson
Designation: Partnership Director, HITRANS
Date: 15 September 2026