

Bus Fare Cap

1.	INTRODUCTION
1.1	This report sets out our current understanding of the Scottish Government's commitment to introduce a national £2 flat fare cap for single bus journeys.
1.2	We have met with Transport Scotland, and major bus operators and local authorities in our region, to understand their views on the ongoing £2 flat fare pilot in the north of Scotland, plans to roll the scheme out in the west of Scotland in the very near future, and commitment to legislate for a national scheme during this parliament.
1.3	Given that this is emerging policy with little concrete evidence yet from the pilot project in the North, this report recognises that there are significantly more questions than answers at this stage, and recommends continuing dialogue with the Cabinet Secretary for Economy, Tourism and Transport, and with Transport Scotland in order to develop a full understanding of the proposed scheme's likely impact on bus usage within the SEStran region.
2.	BACKGROUND
2.1	The Scottish Government's Fair Fares Review recognised that the cost and complexity of public transport can be a barrier to travel and identified a range of measures to improve affordability, simplify ticketing and encourage greater use of sustainable transport.
2.2	Following on from the Fair Fare Review, there has been a political appetite to create a capped fare to meet the needs of the users. This has resulted in a commitment to trialling a £2 capped fare which was set out in the SNP's manifesto prior to the election. Scotland's new £2 bus fare cap scheme is currently being piloted across the Highlands and Islands through a 12-month programme supported by Scottish Government funding. The pilot caps most eligible single bus fares at £2 in Shetland, the Western Isles, Orkney, Highland, Moray and Argyll and Bute.
2.3	Consistent with this, the SEStran Regional Bus Strategy promotes a bus network that is affordable, accessible, integrated and easy to use, with a strong focus on fare equity across the region. Key principles include improving value for passengers, developing multi-operator and multi-modal ticketing, reducing barriers created by inconsistent fare structures,

	supporting smart ticketing and fare capping, and ensuring that people who need to interchange are not penalised by higher costs. These principles also seek to make bus travel more competitive with private car use while supporting wider objectives around social inclusion, economic growth and decarbonisation.
2.4	The Scottish Government has also announced plans to expand the scheme beyond the pilot areas, beginning with parts of the west of Scotland, as part of a longer-term ambition to introduce legislation for a nationwide £2 bus fare cap. The logistics of this are currently being developed by Transport Scotland with details to be confirmed around costings, scale, and timescales.
2.5	Key timelines in the project to date include: Policy Development Phase (2024–2025) • March 2024 – Fair Fares Review • January–February 2025 – Budget approval • May 2025 – Programme for Government confirmation • Late 2025 – HITRANS and ZetTrans selected Pre-Implementation (Late 2025) • Nov–Dec 2025 – Operator engagement • Dec 2025 – Pilot areas confirmed Pilot Launch (2026) • 30 Jan 2026 – Shetland • 23 Feb 2026 – Western Isles • 9 Mar 2026 – Orkney • 23 Mar 2026 – Highland, Moray, Argyll & Bute Election and Manifesto Commitments (2026) • April 2026 – SNP manifesto commits to national rollout • April 2026 – First Minister confirms national rollout and also announces 100-day expansion to some west of Scotland local authorities Current Direction (June 2026 onward) • Ongoing expansion work • Phased national rollout approach
3.	KEY QUESTIONS
3.1	Although the entire bus industry welcomes the Cabinet Secretary's focus on bus, there is very little detail about the £2 fare cap currently available.

At the time of writing there are many more questions than answers, and operators, local authorities and SEStran are all keen to work with the Cabinet Secretary and Transport Scotland to jointly develop answers to the questions, which include:

Scheme Scope and Eligibility

- What journeys and services are included or excluded (e.g. long-distance routes, DRT, supported services)?
- How will the scheme interact with tourism and visitor travel?
- How will services crossing into existing pilot areas be treated?

Integration and Multi-Modal Ticketing

- How will the fare cap interact with integrated and multi-modal products such as ZoneCard, Tripper, Edinburgh Trams and the Glasgow Subway?
- Will services, such as night services, tourist-focused services, and airport services be included?
- How will Transport Scotland mitigate unintended shifts from rail and other modes to bus?

Funding, Affordability and Value for Money

- Is the current Transport Scotland budget sufficient to cover fare cap reimbursements and concessionary travel alongside other bus improvement funding?
- What modelling has been undertaken on costs, demand growth and reimbursement levels?
- How will Transport Scotland ensure the scheme delivers value for money and achieves its intended outcomes?

Reimbursement and Operator Sustainability

- How will operator reimbursement be calculated and administered?
- How will inflation, rising costs and changes in patronage be reflected in reimbursement arrangements?
- Will the legislation remove operators' choice in being part of the scheme?
- How will the scheme protect network viability, particularly for rural and marginal services, and ensure unintended consequences are accounted for?
- How will reimbursement work for DRT and local authority-supported services?

Delivery Model and Administration

- Will the scheme replicate the HITRANS/ZetTrans approach or adopt a different model?
- What systems and software will be used to manage reimbursement and reporting at scale?

	• How will participation be secured across operators? Passenger Demand and Network Capacity • What increase in patronage is expected? • Is existing infrastructure and network capacity sufficient to accommodate demand growth? • How will success be measured beyond fare affordability, including reliability and journey quality? Pilot Design and Evaluation • What are the pilot objectives, timescales and evaluation framework? • Will monitoring be undertaken throughout the pilot or only at completion? • How will a short pilot account for the time required to influence travel behaviour? Data Requirements and Governance • What data will operators be required to provide? • Will shadow fares be required and how will they be determined? • How will commercial confidentiality be protected? Wider Policy Impacts • What impact will the scheme have on concessionary travel, NSTAB, Bus Infrastructure Fund and other bus support mechanisms? • How will impacts on rail, subway, active travel and integrated transport networks be assessed? Future Direction and Exit Strategy • What happens when the pilot ends? • Will the principles in the West from the pilot be the blueprint for the rollout of the national scheme? • What provisions will exist for operator withdrawal, renegotiation and commercial continuity? • What communications and customer engagement strategy will support implementation and transition?
4.	ADDITIONAL INFORMATION
4.1	Fare setting, whilst an important lever in increasing public transport is regularly ranked by passengers and non-passengers alike at third or fourth in terms of priority. This means that fare-capping alone, in the absence of a regular, reliable and integrated bus service, is unlikely to result in significant increases in patronage or in modal shift.

4.2	The evidence from the similar scheme in England has demonstrated a low cost-benefit ratio, with some increase in bus patronage and very little discernible impact on car use. This highlights that affordability considerations must be considered in tandem with bus prioritisation and car use reduction initiatives.
4.3	A draft letter to Stephen Flynn, Cabinet Secretary for Economy, Tourism and Transport, is included at Appendix 1. The letter seeks a meeting between the Cabinet Secretary, some of the bus operators and local authorities in the SEStran region, and ourselves, in order to better understand the objectives of the scheme and to help ensure that it is a success.
5.	NEXT STEPS
5.1	• Send letter to Cabinet Secretary • Invite representatives from the SEStran Regional Bus Board to attend the meeting with the Cabinet Secretary
6.	RECOMMENDATIONS
6.1	The Partnership Board is asked to: • Agree the wording of letter to the Cabinet Secretary • Agree that the SEStran Regional Bus Board develops on recommendations on our regional approach

Rachael Murphy
Strategy Manager
10th July 2026

Appendix 1: Letter to Stephen Flynn, Cabinet Secretary (Draft)

Appendix 2: Chris Cheek's paper on bus reliability <https://www.cpt-uk.org/media/cynpennz/the-case-for-faster-buses-technical-report.pdf>

Appendix 3: Highland Council statistics on patronage under pilot scheme: <https://www.highland.gov.uk/news/article/17304/hop-on-board-2-bus-fares-make-exploring-the-highlands-easier-than-ever>

Appendix 4: Ember's position on £2 fare <https://bus-news.com/ember-calls-for-alternative-approach-to-scotlands-proposed-2-bus-fare-cap/>

Appendix 5: Evaluation of the DfT scheme in England: <https://assets.publishing.service.gov.uk/media/681b355b9ef97b58cce3e4e0/evaluation-of-the-first-10-months-of-the-2-bus-fare-cap.pdf>

Policy Implications	The proposed £2 bus fare cap theoretically aligns with the objectives of the Regional Transport Strategy and
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	Regional Bus Strategy by seeking to improve the affordability and accessibility of public transport, although further detail is required on the national policy framework and delivery model.
Financial Implications	At this stage there are no direct financial implications for SEStran, however any future implementation of a fare cap would require a clear and sustainable funding and reimbursement mechanism to avoid adverse impacts on operators and service provision.
Equalities Implications	An EQIA has been completed as part of the SEStran Regional Bus Strategy. Dependent on the delivery of the scheme, there is a risk of network shrinkage particularly in rural areas.
Climate Change Implications	If the fare cap encourages a shift from private car use to bus travel, it could contribute to reducing transport-related carbon emissions and support wider climate change objectives

17th July 2026

Dear Mr. Flynn,

I am writing on behalf of both the SEStran partnership board and regional bus board, on your ambitious manifesto commitment to introduce a flat fare across Scotland within this Parliamentary session. I know I speak for all members of both these boards, when I congratulate you on your focus on the role that bus can play in improving Scots opportunities to jobs, healthcare, and education by creating an affordable, available, and accessible public transport network.

We have been putting a strong emphasis on our bus network in the region as we understand it is a major enabler to opportunities, and the sector continues to face significant challenges in growing bus patronage. We have developed and published a Regional Bus Strategy which centres on three key objectives;

- improved service levels
- affordability
- quality

Taking this forward, we have developed an Action Plan and a Regional Bus Board consisting of operators, local authorities, and other key stakeholders. We are conscious that in our public consultation, which received over 5,000 responses, our main takeaway was that affordability is important but must be considered alongside people's concerns around reliability and consistency.

We would welcome the opportunity to understand and shape how the scheme and subsequent legislation might be devised, what lessons can be learnt from the pilot in the Highlands, and the expansion to the west in the coming months. Further, we would like to work with you to ensure that such a scheme offers best value for the passenger and can play a role in the increases patronage and partnership working which we have already seen the benefits of in Southeast Scotland.

Thank you very much for your consideration and we are looking forward to working with you in the future.

Kind regards,



Brian Butler

SEStran Partnership Director and Chair of the SEStran Regional Bus Board