

PE2120/A: Permanently remove peak fare pricing from ScotRail services

Scottish Government written submission, 14 November 2024

The petition calls for the permanent removal of peak fares on ScotRail services, following the temporary pilot which ran for twelve months and ended on 27 September 2024. As outlined in the final evaluation report published on 20 August ([ScotRail Peak Fares Removal Pilot - Final Evaluation Report - August 2024 | Transport Scotland](#)) the pilot resulted in an increase in demand from the pilot of 6.8%. This represents around 4 million extra rail journeys over nine months, of which 2 million are journeys that would previously have been made by private car. This is in the context of around 5 billion annual private car journeys in Scotland and represents a reduction of less than 0.1% of car-based carbon-emissions. Therefore, an evidence-based decision was made to end the pilot as it was not successful in its primary objective of encouraging a significant modal shift from private car.

It is important to note that the peak fare is the 'full-price' of the journey, with off-peak providing a discount - the reasoning behind this was to encourage passengers to travel at quieter times. Peak fares are not intended to be a 'premium' price. Peak fares generate a crucial portion of ScotRail's revenue, particularly from regular commuters and business travellers who travel during high-demand periods. Removing these fares on a permanent basis, as evidenced by the 12-month pilot, results in a significant drop in revenue and without a significant and sustained increase in patronage to offset this loss, then the difference needs to be replaced through increased subsidies from the taxpayer. Given the strain on public finances and broader fiscal challenges, the Scottish Government determined that the level of subsidy that would be required is simply unaffordable at this time.

To maintain current service levels and expand the network to meet future demand, the rail system relies heavily on the revenue generated during peak hours. Abolishing peak fares would necessitate diverting a significant amount of public funds that are already stretched thin across other critical areas. Given the current fiscal constraints, the Scottish Government cannot justify reallocating resources to cover the lost revenue from peak fares without impacting other areas.

Moreover, the risk of underfunding ScotRail due to reduced fare income could lead to service reductions, maintenance issues, or delays in planned infrastructure improvements – undermining the quality and reliability of the service. The Scottish Government must ensure that Scotland's Railway remains financially sustainable in the longer term.

While the Scottish Government recognises the potential benefits of removing peak fares permanently especially in terms of accessibility, social equity and environmental goals, the decision to end the pilot to remove peak fares from ScotRail services is driven by both its failure to meet the modal shift objective and also the current fiscal climate. The financial realities faced by the Scottish

Government make it unaffordable to sustain the increased subsidies required to offset the revenue losses from abolishing peak fares.

In the present economic environment, the Scottish Government is facing significant financial constraints due to prolonged Westminster austerity, the economic damage of Brexit, a global pandemic, the war in Ukraine and the cost-of-living crisis which have all placed enormous and growing pressure on the public finances. While the Pilot has been positive in terms of public reception, it highlighted the substantial revenue losses of up to £40 million per year that could accompany the permanent removal of peak fares on ScotRail services.

The 3 September fiscal update provided an assessment of the profound challenges facing our public finances. In total up to £500 million 2024-25 savings measures were laid out by the Finance secretary, including savings – of which £65 million comes from the previously announced decisions on the peak fares removal pilot, concessionary fares extension for asylum seekers pilot, and agreement with Local Government regarding funding for pay deals.

The Scottish Government has fewer options available to address pressures than the UK Government and must use all the levers available to ensure it delivers a balanced budget. In the absence of confirmed additional consequential UK Government funding, any emerging substantive in-year pressures can only be funded by choices elsewhere in the budget.

While the petition correctly identifies the social equity and environmental benefits of removing peak fares, such as reducing the financial pressure on commuters and encouraging a shift from cars to public transport, these must be weighed against the economic realities of the moment. It is clear that making public transport more affordable is an important objective and the Scottish Government remains firmly committed to pursuing policies that improve accessibility, reduce car dependency and support Scotland's climate goals.

However, any permanent change to fare structures must be financially sustainable in the long term. The Scottish Government has committed to exploring ways to support public transport affordability while balancing these measures with the need to maintain high-quality services and ensure the transport system's financial health.

Whilst the pilot has ended, ScotRail have introduced a 20% price reduction on all Season tickets for 12 months – which offers passengers a 40% saving on peak prices. ScotRail have also permanently improved the value for money of Flexipass tickets by increasing the number of journeys from 10 to 12 singles (6 returns) for the same price, an equivalent saving of 20%, in addition to Super off-peak tickets being reintroduced. These ticket types sit alongside a wide range of other products already available such as national rail cards, and all of these help to provide significant savings to passengers which make public transport more affordable and help to reduce car dependency by making public transport more attractive.

The Cabinet Secretary for Transport wrote to all MSP's on 25 September to outline the reasoning behind the pilot ending and to highlight the improvements made to the value for money of Season tickets and Flexipass.

The Scottish Government has already committed to the following next steps:

- Transport Scotland, working with partners, will develop proposals for a new fare offering aimed to encourage continued increase in rail market share, reflecting changing travel patterns and the needs of different markets for rail including commuting, business, leisure, and tourism. This will inform considerations for a wider roll out of integrated ticketing, national/ regional fare structures across all modes in Scotland. This will be informed by the results of the monitoring and evaluation of the Pilot and the impact of the reintroduction of peak fares to ScotRail services.
- Continue to invest in Scotland's Railway - the present levels of rail investment by the Scottish Government are unprecedented. In financial year 2024-25, total funding for the rail sector in Scotland will be £1.6 billion.

For the next whole five-year funding period (2024 – 2029), the Scottish Government's investment in Network Rail's operations, maintenance and renewals for Scotland's Railway will increase by £450m in cash terms from £3.75 billion in 2019-24 to £4.2 billion in 2024-29.

- Monitor and assess the budgetary position in the coming years, with the possibility of revisiting the removal of peak fares once economic conditions improve. The Scottish Government has already stated it remains open to further fare reform when public finances are in a stronger position.

While the Scottish Government acknowledges the benefits the temporary removal of peak fares on ScotRail services had, the current fiscal climate makes the proposal to permanently remove them untenable. As outlined in previous parliamentary debates on this topic, the significant increase in subsidy that would be required to offset the lost revenue simply cannot be justified at this time. However, the Scottish Government remains committed to finding ways to make public transport more accessible and affordable within the constraints of the current budget and will continue to explore alternative approaches to achieve these goals.

Transport Scotland