

T: 0300 244 4000
E: scottish.ministers@gov.scot

Edward Mountain MSP
Convener
Net Zero, Energy and Transport Committee

By email
netzero.committee@parliament.scot

14 October 2024

Dear Edward,

I am writing to inform you that there will be a 10% increase in ferry fares for 2025-26, to be implemented on 1 January 2025 for the Northern Isles network and 28 March 2025 for the Clyde and Hebrides.

We know that any fares increase is unwelcome, but this is a necessary action to enable continued investment in new vessels and infrastructure to support the services and ensure that ferry services remain sustainable and available to our island communities.

We froze ferry fares for 2023-24 instead of a 9.1% inflationary increase in order to help people, businesses and communities at the height of the cost of living crisis, and to continue to recover from the impact of the pandemic. However, doing so meant that government effectively bore the loss of revenue in the longer term. In the current fiscal climate that loss, at £10 million a year, is too challenging to continue.

Reluctantly, we are having to raise ferry fares in the coming year by 10%, bringing fare levels back to around what they would have been had fares not been frozen in 2023-24. This means, in real terms, fares have broadly increased in line with inflation over time. That will help to partially recover the previous freeze, address some of the significant budget pressures and allow the continued support of the ferries network in future years.

There have been sustained measures and investment by the Scottish Government over time to keep ferry travel as affordable as possible. This increase will bring fares back in line with Road Equivalent Tariff on Clyde and Hebrides services, which we know from the Islands Connectivity Plan (ICP) consultation is something that island residents are keen to retain. Islander fares on Northern Isles routes were frozen from 2020 to 2024 along with a 20% reduction in cabin fares. We are continuing to review future ferry fares policy through the ICP.

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Taking a balanced approach of affordability to both ferry passengers and government is crucial to achieving a sustainable approach to ferry services that supports the future long-term viability of a public transport system that is accessible, available, and affordable for people throughout Scotland.

Yours sincerely,

FIONA HYSLOP
Cabinet Secretary for Transport

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