

Foi 202400436383

A49192002

REDACTED

TS Ferries Directorate

19 July 2024

Cabinet Secretary for Transport

2025-26 FERRY FARES REVISION

Priority and Purpose

1. Routine. Final decisions are required by end August at the latest to allow operators to open bookings for next year in good time. Early decisions are, however, welcomed by communities to allow them to book forward travel for holidays and other events.
2. The purpose of this submission is to ask the Cabinet Secretary to confirm her decision with REDACTED

Recommendation

3. REDACTED

, our recommendation is that the Cabinet Secretary approves a 10% ferry fares increase for 2025-26, which would be implemented on 1 January 2025 for NIFS and 28 March 2025 (the start of the summer timetable) for CHFS.

4. This has been made even more necessary given the current budget commission which has asked all portfolios to model REDACTED REDACTED

Context and Issues

4. The CHFS and NIFS contracts state that CPI in the reference month of May each year should be used as the basis for the fares revision for the following year. The 12 month CPI rate in May 2024 was 2%. Accordingly, we have received letters from CalMac and NorthLink requesting approval for a fares increase of 2%.

5. Ministers can, however, set fares as they wish through issue of Contract Variations, with any deviation from CPI having an unbudgeted financial impact. This has been done previously, with an above CPI increase used to cover the cost of additional sailings. Conversely, any below CPI increases have a recurring additional cost to Scottish Government, for example the fares freeze in 2023-24, rather than a 9.1% CPI increase, cost around £9.7m, increasing each year (and contributing to the current gap in the ferries budget).

6. For awareness, the total annual fare revenue figures are:

	CHFS	NIFS
Passengers	REDACTED	REDACTED
Cars / non-freight	REDACTED	REDACTED
Cabins	REDACTED	REDACTED
CV's / Freight	REDACTED	REDACTED
Coach	REDACTED	REDACTED
Network Total	REDACTED	REDACTED

7. Over £280 million in subsidy is required per annum to support the CHFS and NIFS ferry networks. REDACTED

This is a far higher
subsidy than we see for other public transport modes such as bus or rail.

8. Historically, the CPI rate has varied but has generally has been around 2-3%. However, CPI in May 2022 was an unprecedented 9.1%, and Ministers ultimately decided to freeze fares for 2023-24, which resulted in an annual revenue loss of around £9.7 million, recurring and increasing each year due to the compounding effect of percentage increases. CPI remained high in May 2023 and Ministers took the decision to increase fares for 2024-25 by CPI at 8.7%.

9. The Accountable Officer Template for the 2023-24 fares freeze was approved by the Permanent Secretary and Ministers REDACTED

10. An above inflation increase last year was not recommended as CPI was 8.7%, and Ministers, therefore, agreed to only increase fares by CPI. REDACTED

REDACTED

12. A fares increase of 10% should, therefore, REDACTED in total. As well as going some way to recouping some of the lost revenue from the fares freeze in 2022, and supporting the increasing costs of the service any additional revenue raised by REDACTED

REDACTED

Fares Examples

13. For illustrative purposes, some single fares examples are included below. This demonstrates the impact of the percentage increases on some different routes. As you would expect, the longer routes see a larger impact on fares. It should be noted that fares have been kept at relatively low levels due to RET, although as you are aware we proposed changing RET for non-islanders through the Islands Connectivity Plan. Though the increases, even at 10%, on individual journeys are fairly small, the greatest overall impact will fall on regular travellers, this is likely to include islanders who need to travel to the mainland for shopping, work or medical appointments on a regular basis.

CalMac	Current Fares	New Fares (Rounded)		
		% Increase	Largs-Cumbrae	
		2%	5%	10%
Passenger	£2.00	£2.05	£2.10	£2.20
Car	£7.60	£7.75	£8.00	£8.40

% Increase	Ardrossan-Brodick			
Passenger	£4.60	£4.70	£4.85	£5.10
Car	£18.60	£19.00	£19.55	£20.50

% Increase	Stornoway-Ullapool			
Passenger	£11.15	£11.40	£11.75	£12.30
Car	£60.65	£61.90	£63.70	£66.75

SNF	Current Fares	New Fares High Season (for illustrative purposes)
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% Increase	Scrabster – Stromness			
		2%	5%	10%
Passenger	£22.65	£23.10	£23.78	£24.92
Car	£70.00	£71.40	£73.50	£77.00
Berth	£80.00	£81.60	£84.00	£88.00

% Increase	Aberdeen - Lerwick			
Passenger	£39.50	£40.29	£41.48	£43.45
Car	£138.00	£140.76	£144.90	£151.80
Berth	£167.00	£170.34	£175.35	£183.70

% Increase	Aberdeen - Kirkwall			
Passenger	£37.00	£37.74	£38.85	£40.70
Car	£131.00	£133.62	£137.55	£144.10
Berth	£167.00	£170.34	£175.35	£183.70

Rail Fares

REDACTED

Options Considered and Advice

15. Various fare increases were considered, with consideration to the ongoing cost of living issues which are disproportionately affecting islanders and the relatively high fare increase last year. However, the significant and ongoing fiscal pressures facing Ministers at this time necessitate recommending a 10% increase. This is the most appropriate recommendation given these ongoing fiscal pressures, the desire to avoid service cuts as well as the delivery of additional vessels to the fleet which should have a positive impact on resilience, and the desire to make improvements to the ferries fares structure.

16. As part of the Islands Connectivity Plan and Fair Fares Review, we are committed to reviewing and updating the RET formulae. We are in the process of commissioning consultants to undertake, as a first phase of work: a short-term factual review of the mileage

rate for the car formula, REDACTED

17. An additional submission on ferry fares will be provided later this month. This submission will set out the various fares initiatives being taken forward under the Fair Fares Review and Islands Connectivity Plan, and relating issues.

Contribution to the First Minister's priorities for Government

18. Our ferry fares proposals have potential to influence and to contribute to the FM's priorities for Government: Eradicating child poverty, growing the economy, tackling the climate emergency, and improving public services (although we note that failure to increase revenue could lead to service cuts which would also impact those priorities negatively).

Verity House Agreement Implications

19. There are no direct implications for the Verity House Agreement.

Financial Considerations

REDACTED

New Deal for Business Implications

21. There are no direct implications for the New Deal for Business.

Sensitivities – Communications and Handling

22. It is likely that there will be criticism of an 10% increase, with stakeholders potentially pointing to the fact that CPI has now fallen to 2%. Subject to the decision, we will work with Communications colleagues to develop appropriate reactive lines which point to the Fair Fares Review and Islands Connectivity Plan fares policy proposals, operational cost increases, previous fares freezes and upcoming ferry investment including a number of additional vessels which will improve service resilience and reliability.

REDACTED

24. At present, the Aviation Statement GIQ is planned for 24 July REDACTED

25. If a decision on ferry fares is delayed there will be significant impacts and negative publicity on the ability for forward bookings, (as the operators will be unable to open their booking systems) affecting businesses and individuals, as has happened in previous years.

Quality Assurance

26. This submission has been cleared by Alison Irvine, Interim Chief Executive, Roddy Macdonald, Director of Ferries and Kerry Twyman, Director of Finance and Corporate Services.

Conclusion

27. **The Cabinet Secretary is asked to approve a 10% ferry fares increase for 2025/26 to be implemented on 1 January 2025 for NIFS and 28 March 2025 for CHFS.**

REDACTED
TS Ferries Directorate

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constituent Interest	General Awareness
Minister for Agriculture & Connectivity Cabinet Secretary for Rural Affairs, Land Reform and Islands		X	X		

Transport Scotland Ministerial Submissions List

REDACTED

REDACTED

Kate Higgins – Special Advisor

REDACTED

A49678462

REDACTED

TS Ferries Directorate

20 August 2024

Cabinet Secretary for Transport

FURTHER ADVICE - 2025-26 FERRY FARES REVISION

Priority and Purpose

1. Routine. Following REDACTED submission of 23 July, you responded on 30 July asking for further information, copied at Annex A for reference.

Handling Plan

2. We would suggest, subject to your views, a note from you to go to First Minister, Deputy First Minister, Cabinet Secretary for Finance, Cabinet Secretary Rural Affairs, Land Reform and Islands and Minister for Agriculture and Connectivity setting out the proposed fares increase and handling plan. A draft note is provided at Annex B for your consideration.

3. Draft lines to take, which take into account your steer, are provided at Annex C for your consideration. These would be used reactively to respond to any media or stakeholder approach.

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED		

REDACTED

REDACTED

REDACTED

Operator Reaction

15. Scottish Ministers and Transport Scotland are responsible for setting fares through the CHFS and NIFS contracts. The operators are often clear in their external comms that TS is responsible for fares. REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Quality Assurance

28. This submission has been cleared by Alison Irvine, Interim Chief Executive, Roddy Macdonald, Director of Ferries and Kerry Twyman, Director of Finance and Corporate Services.

Conclusion

29. You are asked to confirm whether you are content to implement the recommended 10% increase.

REDACTED

31. You are asked to confirm you are content with the note to the First Minister (Annex B) and draft reactive lines to take (Annex C).

REDACTED
TS Ferries Directorate

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Minister for Agriculture & Connectivity Cabinet Secretary for Rural Affairs, Land Reform and Islands		X	X		

Transport Scotland Ministerial Submissions List

REDACTED

REDACTED

Kate Higgins – Special Advisor

REDACTED

CAB SEC RESPONSE ON 30 JULY TO SUBMISSION OF 23 JULY

REDACTED

Thanks for the submission. Before taking a final decision, the Cabinet Secretary would be grateful to see further modelling on a number of things, as set out below.

Ms Hyslop has commented that one of the most important things is not to delay a decision as has happened in previous years, which she agrees is problematic for islanders. The Cab Sec would like to see a handling plan please – is this a SCANCE, or a note to FM, DFM, Cab Sec RALRI, Cab Sec Finance, etc.? And with regard to content and presentation publicly, Cab Sec has noted that:

- REDACTED
- Our ferry fares are internationally very affordable by comparison; and
- Exactly what will this increase be paying for new vessels.

REDACTED

REDACTED

Please could a new submission addressing these considerations be provided.

Thanks,

REDACTED

ANNEX B

DRAFT NOTE TO FIRST MINISTER

First Minister

Deputy First Minister and Cabinet Secretary for Economy and Gaelic

Cabinet Secretary for Finance and Local Government

Cabinet Secretary for Rural Affairs, Land Reform and Islands

I am writing regarding the annual ferry fares revision for 2025-26, due to be implemented on 28 March 2025 on the Clyde and Hebrides (CHFS) network and 1 January 2025 on Northern Isles (NIFS) network, operated on behalf of Scottish Ministers by CalMac Ferries Ltd (CFL) and Serco NorthLink Ferries (SNF) respectively. Operators require a decision as soon as possible to allow them sufficient time to open bookings for next year before it starts impacting on the ability of ferry passengers to book and plan ahead.

The CHFS and NIFS contracts stipulate that the May CPI rate is used for the following year's fares increase, which for May 2024 was 2%. However, Ministers can vary fares up or down from the standard CPI increase by a Contract Variation. This affects the revenue taken in by operators, and ultimately the level of subsidy provided by Transport Scotland.

Due to the ongoing fiscal pressures and budget deficits, officials have recommended proceeding with a 10% increase. This is set against an environment of significant cost increases due to inflationary pressures and the additional maintenance and operating costs associated with maintaining an ageing fleet. These costs will continue to exceed available budget as new vessels enter service and Transport Scotland works to significantly improve reliability and resilience of the fleet. Additionally, we chose to freeze fares in 2023-24 rather than apply the 9.1% CPI increase to help with the cost of living, which continues to have a recurring cost of around £10 million per year.

A table of example fares and impacts of increases in real terms is included below for information.

Pressures from communities has previously come around the need to open booking systems to allow people and businesses to plan and book ahead as well as provision of resilient services rather than fare levels themselves.

Though challenging to apply any increase at any time, I am minded to agree with the recommendation to increase ferry fares by 10% in 2025-26 given the relatively small

amounts in any uplift, the real need to tackle the growing deficit in the ferries budget and the need to ensure that ferry services are affordable and sustainable in the longer term.

A reactive handling plan has been prepared which acknowledges that the increase will be unwelcome, but points to the previous fares freezes, significant ongoing SG budget pressures, the comparatively low fares internationally, and the major investment in new ferries and strengthened services coming down the line in the next few years.

You are asked to note this position to allow officials to advise operators of the fare increase in order to allow bookings to be opened for next year.

FH

XX August 2024

CalMac	Current Fares	New Fares	New Fares
% Increase	Largs-Cumbræ	8%	10%
Passenger	£2.00	£2.16	£2.20
Car	£7.60	£8.21	£8.40
% Increase	Ardrossan-Brodick		
Passenger	£4.60	£4.97	£5.10
Car	£18.60	£20.09	£20.50
% Increase	Stornoway-Ullapool		
Passenger	£11.15	£12.04	£12.30
Car	£60.65	£65.50	£66.75
SNF	Current Fares	New Fares	New Fares
% Increase	Scrabster - Stromness	8%	10%
Passenger	£22.65	£24.46	£24.92
Car	£70.00	£75.60	£77.00
Berth	£80.00	£86.40	£88.00
% Increase	Aberdeen - Lerwick		
Passenger	£39.50	£42.66	£43.45
Car	£138.00	£149.04	£151.80
Berth	£167.00	£180.36	£183.70
% Increase	Aberdeen - Kirkwall		
Passenger	£37.00	£39.96	£40.70
Car	£131.00	£141.48	£144.10
Berth	£167.00	£180.36	£183.70

REACTIVE LINES TO TAKE

The Scottish Government has made significant investment in recent years to ensure that ferry fares are affordable, with fare freezes and the introduction of Road Equivalent Tariff.

We know that any increase will be challenging for some as inflationary pressures continue on households, businesses and public services, but it comes against the backdrop of a real terms reduction in the total block grant from the UK Government.

This has seen a backdrop of sustained measures and investment by the Scottish Government over time to keep ferry travel as affordable as possible.

We invested in freezing ferry fares in 2023-24, rather than apply the contractual 9.1% increase, in order to support island communities in Covid recovery and cost of living pressures, at a cost of nearly £10 million per year to the Scottish Government.

Additionally, islander fares on Northern Isles routes were frozen from 2020 to 2024.

This year's fares increase is set against an environment of significant inflationary cost increases across ferries, including the recurring costs from previous fares freezes and the need to maintain a resilient, accessible service, and enable continued investment in new vessels and infrastructure to support the services.

Our ferry fares are still affordable by international comparison. The roll out of Road Equivalent Tariff on the CHFS network, completed in 2015, reduced fares by an average of 34% for passengers and 40% for cars.

Fares are crucial to ensure a sustainable and integrated approach to public transport fares that supports the future long-term viability of a public transport system that is accessible, available, and affordable for people throughout Scotland.

The Islands Connectivity Plan and Fair Fares Review recommended a package of measures to be taken forward, including on under 22s concessionary travel to assist our young people and help those with the least, with a view to ensuring future fares continue to be affordable and sustainable for both island communities and the Scottish Government.

In the Islands Connectivity Plan we proposed moving to a system of having different fares for island and non-island residents, which could allow us to take a different approach in future.

A49746928

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: Wednesday, August 21, 2024 9:52 AM

To: Cabinet Secretary for Transport REDACTED >; First Minister
REDACTED ; Deputy First Minister and Cabinet Secretary for Economy &
Gaelic REDACTED Cabinet Secretary for Rural Affairs, Land Reform & Islands
2024 REDACTED Cabinet Secretary for Finance & Local Government
REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED Transport Scotland
Ministerial Submissions List REDACTED
REDACTED

; Kate Higgins REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

Resending with correct copy list.

FMPO,

DFMPO

Cab Sec Rural PO

Cab Sec Finance PO

Please find attached a note from Ms Hyslop on 2025-26 ferry fares increase.

Kind regards

REDACTED

REDACTED

--

A49990358

From: REDACTED

Sent: Monday, September 9, 2024 4:36 PM

To: Cabinet Secretary for Transport REDACTED

REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED

Scotland Ministerial Submissions List REDACTED

REDACTED

REDACTED Kate Higgins

Cabinet Secretary
Transport

Kate Higgins

REDACTED

Subject: RE: Submission - 2025-26 Ferry Fares Increase

Hi REDACTED

Thank you for confirming that Cab Sec is content with the handling plan.

Regarding Cab Sec's query on lines, I have added the year to the line in tracked changes to avoid any confusion. Islanders in the Northern Isles will still benefit from the freeze from 2020 which is why we've specified 2023-24.

Just to flag, we are still awaiting FM noting the increase in response to Cab Sec's note of 21 August.

Thanks

REDACTED

REDACTED

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport

Sent: Wednesday, September 4, 2024 11:44 AM

To: REDACTED

REDACTED

REDACTED ; Kate Higgins REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED

Scotland Ministerial Submissions List REDACTED
REDACTED

On Behalf Of Cabinet Secretary for

Cabinet Secretary for Transport

Cabinet Secretary
; Transport

Kate Higgins

REDACTED

Subject: RE: Submission - 2025-26 Ferry Fares Increase

This email is for the official record and confirms a Ministerial Decision. This email must be placed in the official record (eRDM) by your team [in line with SG records management policy.](#)

REDACTED

REDACTED

REDACTED

Sent: Monday, September 2, 2024 7:31 AM

To: Cabinet Secretary for Transport REDACTED

; Kate Higgins

REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED

Cabinet Secretary
Transport

REDACTED

Kate Higgins

REDACTED

Subject: RE: Submission - 2025-26 Ferry Fares Increase

Morning PO

REDACTED

We are awaiting a response from FM to Ms Hyslop's note.

Thanks

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport

Sent: Wednesday, August 21, 2024 8:31 AM

To: REDACTED

REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED
REDACTED

On Behalf Of Cabinet Secretary for

Cabinet Secretary for Transport

Kate Higgins REDACTED

Cabinet Secretary
Transport

REDACTED
REDACTED

Kate Higgins

Subject: RE: Submission - 2025-26 Ferry Fares Increase

This email is for the official record and confirms a Ministerial Decision. This email must be placed in the official record (eRDM) by your team [in line with SG records management policy.](#)

REDACTED

The Cab Sec has cleared the note to the FM I have attached for your records.

In relation to the recommendations

1. You are asked to confirm whether you are content to implement the recommended 10% increase. **Ms Hyslop is content to agree this.**
2. REDACTED

Kate Higgins has discussed handling for the announcement on the 10% increase with Ms Hyslop and Mr Fairlie. Can you please work with her on this.

Thanks

REDACTED

REDACTED

Sent: 16 August 2024 18:09

To: Cabinet Secretary for Transport REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED

REDACTED

Cabinet Secretary
Transport

REDACTED

Kate Higgins

Subject: RE: Submission - 2025-26 Ferry Fares Increase

REDACTED

Please find attached submission providing further advice as requested.

eRDM link REDACTED

Thanks

REDACTED

REDACTED
Ferries Directorate

REDACTED

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: Tuesday, July 30, 2024 2:03 PM

To: REDACTED

Cabinet Secretary for Transport

REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED

Cabinet Secretary
; Transport

REDACTED

Kate Higgins

REDACTED

Subject: RE: Submission - 2025-26 Ferry Fares Increase

REDACTED

Thanks for the submission. Before taking a final decision, the Cabinet Secretary would be grateful to see further modelling on a number of things, as set out below.

Ms Hyslop has commented that one of the most important things is not to delay a decision as has happened in previous years, which she agrees is problematic for islanders. The Cab Sec would like to see a handling plan please – is this a SCANCE, or a note to FM, DFM, Cab Sec RALRI, Cab Sec Finance, etc.? And with regard to content and presentation publicly, Cab Sec has noted that:

REDACTED

- REDACTED
- Our ferry fares are internationally very affordable by comparison; and
- Exactly what will this increase be paying for new vessels.

REDACTED

REDACTED

REDACTED

REDACTED

Please could a new submission addressing these considerations be provided.

Thanks,

REDACTED

REDACTED

From: REDACTED
Sent: Tuesday, July 23, 2024 9:08 AM
To: Cabinet Secretary for Transport REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED

Cabinet Secretary
Transport

Kate Higgins

REDACTED

Subject: RE: Submission - 2025-26 Ferry Fares Increase

PO

As discussed on Teams, please find attached a slightly revised submission to replace the previous one which reflects the up to date REDACTED

The only changes are at paragraph 23.

Thanks

REDACTED

REDACTED

From: REDACTED
Sent: Monday, July 22, 2024 5:19 PM
To: Cabinet Secretary for Transport REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED
for Rural Affairs, Land Reform & Islands 2024 REDACTED
Scotland Ministerial Submissions List REDACTED

Cabinet Secretary
Transport

Kate Higgins

REDACTED

Subject: Submission - 2025-26 Ferry Fares Increase

PS/Cabinet Secretary for Transport

On behalf of REDACTED please see attached submission for Ms Hyslop regarding the annual ferry fares increase for 2025-26.

Thanks

REDACTED

REDACTED

A50629309

From: REDACTED
Sent: Friday, October 11, 2024 3:47 PM
To: Cabinet Secretary for Transport REDACTED
Kate Higgins REDACTED
Cc: Transport Scotland Ministerial Submissions List REDACTED
REDACTED

Agriculture and Connectivity REDACTED
Minister for
Transport Portfolio REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

Thanks REDACTED

I have added the two MSPs below and Katy Clark from your other email. I've also added Tim Eagle. For completeness the full list of letters for PO to send is included at Annex E of the handling plan and attached separately above.

I have fixed that typo and rewritten that sentence for clarity in all the letters and the handling plan lines as:

“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.”

Let us know if you need anything more. REDACTED will be around on Monday for any last minute queries.

Kind Regards,

REDACTED

REDACTED

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: Friday, October 11, 2024 1:37 PM

To: REDACTED

Cabinet Secretary for Transport

REDACTED

Kate Higgins REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Ms Hyslop has cleared all the letters.

However she is unsure about the below sentence?

“.However, March doing so meant that government effectively bore the loss of revenue – in the longer term, and in the current fiscal climate, that cost of £10 million a year is too challenging to continue. “

Can you proof read all the letters again and fix this sentence please and resubmit.

Regarding the stakeholder list We are missing Kenneth Gibson MSP off CHFS stakeholder group and Emma Roddick MSP on CHFS and NIFS stakeholder groups. Can they please be added.

Thanks

REDACTED

From: REDACTED REDACTED

Sent: 07 October 2024 17:17

To: Cabinet Secretary for Transport REDACTED

REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

REDA Kate Higgins

REDACTED

Agriculture and Connectivity REDACTED
REDACTED Transport Portfolio REDACTED
Subject: RE: 2025-26 Ferry Fares Increase

Minister for

REDACTED

As requested, please see attached the 3 versions of Draft Stakeholder Letters with a Stakeholder List of the proposed recipients for the Cab Sec letter.

Please note that the Director of Ferries will also issue letters to key stakeholders, including Regional Transport Partnerships, Local Authorities, HIE, Ferries Community Board and Ferry Committees.

Grateful for Cab Sec's consideration.

I have also attached a very slightly Updated Handling Plan, with a revised Timeline, for completeness.

Thanks

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Sent: Monday, October 7, 2024 10:37 AM
To: Cabinet Secretary for Transport REDACTED
REDACTED
Cc: Transport Scotland Ministerial Submissions List REDACTED
REDACTED

Kate Higgins

REDACTED

Agriculture and Connectivity REDACTED
Transport Portfolio REDACTED
Minister for
Subject: RE: 2025-26 Ferry Fares Increase

Thanks REDACTED Revised SCANCE with tracked changes attached as requested.

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport
Sent: Monday, October 7, 2024 10:17 AM
To: REDACTED
REDACTED ; Cabinet Secretary for Transport REDACTED
Kate Higgins
Cc: Transport Scotland Ministerial Submissions List REDACTED
On Behalf Of Cabinet Secretary for

REDACTED

Minister for

Agriculture and Connectivity REDACTED

REDACTED Transport Portfolio REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

I have spoke to the Cab Sec she is content with that.

Can you resubmit the SCANCE first as a priority and then we can deal with the letters later.

Thanks

REDACTED

From: REDACTED

Sent: 07 October 2024 08:33

To: Kate Higgins REDACTED

Cabinet Secretary for Transport

REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

REDACTED

Minister for

Agriculture and Connectivity REDACTED

REDACTED

Transport Portfolio REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

Thanks Kate. Have spoken to TS Comms and confirm Monday morning is fine from our perspective.

PO – grateful for confirmation Cab Sec is content with Monday, and we'll provide a revised SCANCE along with the 3 draft letters as requested.

Thanks

REDACTED

Ferries Directorate

REDACTED

From: Kate Higgins REDACTED

Sent: Friday, October 4, 2024 4:01 PM

To: REDACTED

Cabinet Secretary for Transport

REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

REDACTED

Minister for

Agriculture and Connectivity REDACTED

REDACTED

Transport Portfolio REDACTED

Subject: So i

Sorry about this but I hadn't realised that NorthLink wouldn't go live until week beg
14 October so I do think, even though it is recess that Cab Sec could write on
Monday morning. The alternative is that someone would have to be available over
the weekend for media queries and bids etc.

Kate Higgins

Special Advisor to the First Minister

REDACTED

From: REDACTED

Sent: Friday, October 4, 2024 2:38 PM

To: Cabinet Secretary for Transport REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

REDACTED

Minister for

Agriculture and Connectivity REDACTED

REDACTED Transport Portfolio REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

PO/Cab Sec for Transport

Please find attached an updated Handling Plan, including a proposed timeline which would see the increase going public, via stakeholder letters, on Thursday 10 October after FMQs. A draft stakeholder letter is also now included in the plan.

REDACTED

Please also find attached a draft SCANCE note as requested separately.

Grateful for confirmation if Ms Hyslop is content with the Handling Plan and SCANCE note.

Thanks

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: Monday, September 30, 2024 12:30 PM

To: REDACTED

Cabinet Secretary for Transport

REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Can we have an updated handling plan with clear dates of when the increase will become public, and for as far as possible, one public communication re fares rising and timetables opening up for booking. We probably need to write to the committee advising them of the increase. I think Cab Sec could also write out to relevant MSPs explaining the increase etc.

Thanks

REDACTED

From: REDACTED

Sent: 25 September 2024 12:02

To: Cabinet Secretary for Transport REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

Minister for

Agriculture and Connectivity REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Sorry for the delay in replying. We are investigating whether a letter from NZET Ctte is likely to be forthcoming.

In the meantime we are drafting the letter to stakeholders and will provide advice about who this should be sent to, including NZET Ctte and relevant MSPs (as suggested by SpAds).

Thanks

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport

Sent: Monday, September 23, 2024 9:50 AM

To: REDACTED

REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

On Behalf Of Cabinet Secretary for

Cabinet Secretary for Transport

Kate Higgins REDACTED

REDACTED

Minister for

Agriculture and Connectivity REDACTED

REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Thanks for this.

Unless I have missed it? The Committee has not written to Ms Hyslop regarding Ferry Fares. Is there an alternative plan should we contact them proactively?

Mid September: NZET Committee will likely write to Ms Hyslop asking about transport impacts following Ms Robison's Budget Statement on 3 September.

Mid/late September (simultaneously):

- Ms Hyslop's reply to Committee to include confirmation of and rationale for the 10% ferry fares increase (subject to FM noting increase).

Thanks

REDACTED

From: Brian Gordon REDACTED

Sent: 20 September 2024 13:46

To: Cabinet Secretary for Transport REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

REDACTED

Kate Higgins REDACTED

Minister for

Agriculture and Connectivity REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Please see attached emails containing the Handling Plan approved by Cab Sec, which I've copied below for ease of reference.

Nothing further required from PO at this time, but we will provide a draft letter/contribution to NZET Ctte for clearance shortly.

High-Level Timeline

26 & 28 August: DFM and Cab Sec RALRI noted increase for their interests.

TBC: FM to note increase. [now noted on 19 September]

3 September: Ferries Statement – Ms Hyslop to highlight to previous fares freeze and allude to the need to take difficult decisions for next year. Strengthened Q&A in briefing pack but still in a holding position.

Mid September: NZET Committee will likely write to Ms Hyslop asking about transport impacts following Ms Robison's Budget Statement on 3 September.

Mid/late September (simultaneously):

- Ms Hyslop's reply to Committee to include confirmation of and rationale for the 10% ferry fares increase (subject to FM noting increase).
- letters to be sent from Director of Ferries to key stakeholders confirming increase and rationale.
- NorthLink and CalMac to confirm timeline for opening booking and noting fares increase on websites.
- TS comms – pre approved reactive statement in case of queries.

Late September: NorthLink publish fares alongside timetables and open booking system for 1 January 2025 onwards.

November/December: CalMac publish fares alongside summer timetables (once finalised) and open bookings for 28 March 2025 onwards.

Thanks

REDACTED

REDACTED

Ferries Directorate

REDACTED

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: Thursday, September 19, 2024 12:58 PM

To: REDACTED

Cc: Transport Scotland Ministerial Submissions List REDACTED

Minister for

Agriculture and Connectivity REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

Can you outline next steps now the FM has confirmed.

I know we have been sent previous handling advice. Is there anything outstanding from PO on this.

Thanks

REDACTED

From: REDACTED **On Behalf Of** First Minister
Sent: 19 September 2024 08:36
To: Cabinet Secretary for Transport REDACTED First Minister
REDACTED Deputy First Minister and Cabinet Secretary for Economy &
Gaelic REDACTED Cabinet Secretary for Rural Affairs, Land Reform & Islands
2024 REDACTED Cabinet Secretary for Finance & Local Government
REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED Transport Scotland
Ministerial Submissions List REDACTED
REDACTED

Kate Higgins REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

REDACTED

The First Minister is content to approve.

Many thanks,

REDACTED

From: REDACTED > **On Behalf Of** Cabinet Secretary for
Transport
Sent: Tuesday, September 17, 2024 4:00 PM
To: Cabinet Secretary for Transport REDACTED First Minister
REDACTED Deputy First Minister and Cabinet Secretary for Economy &
Gaelic REDACTED Cabinet Secretary for Rural Affairs, Land Reform & Islands
2024 REDACTED Cabinet Secretary for Finance & Local Government
REDACTED
Cc: Minister for Agriculture and Connectivity REDACTED Transport Scotland
Ministerial Submissions List REDACTED
REDACTED

Kate Higgins REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

FMPO,

Further to the note from Cab Sec for Transport on 21 August regarding the recommended 10% ferry fares increase for 2025-26, we are awaiting FM noting the position in order to proceed with confirming fares which will allow bookings to be opened. As NorthLink fares change on 1 January, a decision is required by the end of September or it starts to impact people's ability to book ferry travel.

DFM and Cab Sec for Rural Affairs, Land Reform and Islands have noted for their interests.

Many thanks

REDACTED

From: REDACTED
Transport

On Behalf Of Cabinet Secretary for

Sent: 21 August 2024 09:52

To: Cabinet Secretary for Transport REDACTED

First Minister

REDACTED

Deputy First Minister and Cabinet Secretary for Economy &

Gaelic REDACTED

Cabinet Secretary for Rural Affairs, Land Reform & Islands

2024 REDACTED

Cabinet Secretary for Finance & Local Government

REDACTED

Cc: Minister for Agriculture and Connectivity REDACTED

Transport Scotland

Ministerial Submissions List REDACTED

REDACTED

Kate Higgins REDACTED

Subject: RE: 2025-26 Ferry Fares Increase

Resending with correct copy list.

FMPO,

DFMPO

Cab Sec Rural PO

Cab Sec Finance PO

Please find attached a note from Ms Hyslop on 2025-26 ferry fares increase.

Kind regards

REDACTED

Attachments (five of) for A50629309

1st Attachment CHFS Stakeholder letter template:

Cabinet Secretary for Transport

Fiona Hyslop MSP

REDACTED

T: 0300 244 4000

[name]

[contact details, email etc]

14 October 2024

Dear [insert name],

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.

This increase will bring fares back in line with Road Equivalent Tariff, which we know from the Islands Connectivity Plan (ICP) consultation is something that island residents are keen to retain. We are continuing to review future ferry fares policy through the ICP.

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

2nd attachment of 5 – NIFS Stakeholder letter

Cabinet Secretary for Transport

REDACTED

Fiona Hyslop MSP

T: 0300 244 4000

[name]

[contact details, email etc]

14 October 2024

Dear [insert name],

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. Islander fares on Northern Isles routes were frozen from 2020 to March 2024 along with a 20% reduction in cabin fares. We are continuing to review future ferry fares policy through the Islands Connectivity Plan.

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

3rd Attachment of 5: CHFS and NIFS stakeholder letter

Cabinet Secretary for Transport

REDACTED

Fiona Hyslop MSP

T: 0300 244 4000

[name]

[contact details, email etc]

14 October 2024

Dear [insert name],

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.

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

4th Attachment of 5 – Updated Handling Plan

HANDLING PLAN - 2025-26 FERRY FARES INCREASE

Annex A	High Level Timeline
Annex B	Top Lines and Q&A
Annex C	Draft Stakeholder Letters
Annex D	List of letters from Director of Ferries
Annex E	List of letters from Cab Sec

ANNEX A

HIGH-LEVEL TIMELINE

19 September:

- FM noted 10% ferry fares increase.

Tuesday 8 October:

- SCANCE note for Cabinet

Monday 14 October:

- Letters from Cab Sec to NZET Committee and relevant MSPs confirming and setting out rationale for the increase.
- Letters from Director of Ferries to key stakeholders (ferry committees, RTPs, HIE, relevant Local Authorities, Ferries Community Board) confirming increase and rationale.
- TS comms – pre-approved reactive statement in case of queries.

W/C 21 October:

- NorthLink to publish fares online and open bookings from 1 January 2025 onwards (takes up to one week after receiving final confirmation to proceed from TS)

Late October:

- CalMac to write to Ferry Committees with an update on Summer 2025 timetables process, noting the fare increase.

Late December:

- CalMac to publish summer timetables (once finalised) alongside fares and open bookings from 28 March 2025 onwards.

ANNEX B

TOP LINES

We know that any fares increase is unwelcome, but this is a necessary action to ensure that ferry services remain sustainable and available to our island communities.

- We froze ferry fares in 2023-24 rather than apply the 9.1% inflationary rate in order to help people, businesses and communities at the height of the cost of living crisis, and to aid recovery 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.
- That will help to partially recover the previous freeze, address some of the significant budget pressures and support the additional and significant investment coming down the line.

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 consultation is something that island residents are keen to retain.
- Islanders receive a 30% discount on fares on Northern Isles services, and islander fares were frozen from 2020 to March 2024 along with a 20% reduction in cabin fares.
- We are continuing to review future ferry fares policy through the Islands Connectivity Plan.

Q&A

Q. How can you justify a 10% fares increase?

A. This increase is set against an environment of significant inflationary cost increases across ferries, including the recurring costs from previous fares freezes and the need to maintain a resilient, accessible service, and enable continued investment in new vessels and infrastructure to support the services.

We know that any increase will be challenging for passengers and businesses, but it comes against the backdrop of a real terms reduction in the total block grant from the UK Government. Although inflation has now thankfully returned to around normal levels, the impact of high inflation in recent years continues to have a significant impact of the cost of providing ferry services.

There has however been sustained measures and investment by the Scottish Government over time to keep ferry travel as affordable as possible for passengers.

In light of the extreme financial challenges facing the Scottish Government following further spending cuts from UK Government, keeping fares at their current level is unaffordable.

If we did not implement these fares increases, we would need to consider alternatives such as reducing services and cutting back on investment in ferry services and infrastructure.

Q. What are the cost pressures facing ferries?

A. In the Scottish Budget for 2023-24, £440 million was allocated for the operation of ferry services of which £210.8 million was allocated to Transport Scotland for capital spending, mainly on vessels and ports.

The annual deficit between CHFS and NIFS operational costs and income from ferry fares has almost doubled over the last 10 years – this deficit has been met by increasing Government grant payments.

Currently, this means that for every £1 paid by users towards covering the annual operating cost, another £2 of public funds are required. This trend risks becoming unmanageable especially when considering further spending cuts from the UK Government.

Q. What have you done on fares while in Government?

A. The Scottish Government has made significant investment in recent years to ensure that ferry fares are affordable, with fare freezes, Road Equivalent Tariff in the Clyde and Hebrides and islander fare reductions in the Northern Isles.

We invested in freezing ferry fares in 2023-24, rather than apply the contractual 9.1% increase, in order to support island communities in Covid recovery and cost of living pressures, at an annual cost of nearly £10 million per year to the Scottish Government.

Additionally, islander fares on Northern Isles routes, which already receive a 30% discount, were frozen from 2020 to 2024 along with a 20% reduction in cabin fares.

It was necessary to increase fares by the inflationary rate of 8.7% for 2024-25, as continuing with the freeze was unaffordable.

Q. Fares are already too high, why are you increasing them further?

A. This increase returns fares to around what they would have been without our freeze in 2023-24.

Fares on the CHFS network will be back to RET, which we know from the Islands Connectivity Plan consultation is something that island residents are keen to retain.

Our ferry fares are reasonable in comparison to other ferry services. The roll out of Road Equivalent Tariff on the CHFS network, completed in 2015, reduced fares by an average of 34% for passengers and 40% for cars. Islanders receive a 30% discount in the Northern Isles along with targeted fare reductions and freezes in recent years.

Affordable fares are crucial to ensure a sustainable and integrated approach to public transport fares that supports the future long-term viability of a public transport system that is accessible, available, and affordable for people throughout Scotland.

Q. What is your future fares strategy?

A. The draft ICP Strategic Approach paper was published for public consultation from 1 February 2024 to 6 May 2024. Building on the Fair Fares Review, we said that we would take forward detailed consideration of a number of fares proposals, including to:

- Retain RET for island residents and consider fares for non-islanders, particularly vehicle fares during the summer timetable period.
- Review and update the RET formulae as a key element of the above work.

- Provide free foot passenger travel on inter-island ferries for under 22-year-old island residents within the Outer Hebrides, Orkney, and Shetland Island groups.
- Extend the existing National Ferry Concessionary Scheme to under-22-year-old island residents.

The purpose of the consultation was to gather feedback on our proposals and test our understanding of the priority issues facing island transport connectivity and ferry services in particular.

We received around 200 responses to the consultation exercise, plus evidence gathered during engagement events. We appointed an independent research organisation to analyse the consultation responses. The full analysis report alongside a summary report prepared by the consultant and our initial response was published on 3 September 2024.

The outputs from the consultation and engagement will support the finalisation of the Strategic Approach and the Vessels and Ports Plan, and will inform the development of the remaining elements of the ICP, including work on Ferry Fares.

Q. Can you not protect islanders from this increase?

A. This increase brings fares back in line with where they would have been, had we not frozen fares in 2023-24.

In the Islands Connectivity Plan we proposed moving to a system of having different fares for island and non-island residents, which could allow us to take a different approach for each in future.

Q. What are you doing for under 22s?

A. As set out in the ICP, we are currently taking forward detailed consideration of proposals to extend the existing ferry concessions for 16-18 year olds to under 22s, as well as providing free travel for under 22s on the inter-island ferries within Shetland, Orkney and the Outer Hebrides.

The consultation responses are helping inform this work, and future fares policy will be set out in the final ICP Strategic Approach paper.

Q. What are your future investment plans that necessitate this fares increase?

A. Delivering six new major vessels to serve Scotland’s ferry network by 2026 is a priority for this government. We have invested more than £2bn in our ferry services since 2007 and we have outlined plans to invest around £700m in a five year plan to improve ferry infrastructure.

We have also committed funding of up to £200m from 2022 to 2025 for CMAL to procure four new major vessels for Islay and the Little Minch routes.

Q. How has SG invested in ferries?

A. Since re-election, the Scottish Government has:

- Bought and deployed an additional vessel in the MV Loch Frisa;
- Chartered MV Alfred and MV Arrow to provide additional resilience and capacity;
- Commissioned two new vessels for Islay;
- Commissioned two new vessels for the Little Minch routes;
- Progressed investment in key ports and harbours;
- Confirmed additional revenue funding of £220m since 2018-19 to support the operation of local authority ferry services; and
- Begun the procurement process to secure seven new small vessels.

Q. What will the new fares be?

CalMac		Current Fare	New Fare
Largs-Cumbrae	Passenger	£2.00	£2.20
	Car	£7.60	£8.40

Ardrossan-Brodick	Passenger	£4.60	£5.10
	Car	£18.60	£20.50

Stornoway-Ullapool	Passenger	£11.15	£12.30
	Car	£60.65	£66.75

NorthLink		Current Fare	New Fare
Scrabster - Stromness	Passenger	£14.74	£16.20
	Car	£45.50	£50.00
	Cabin	£36.80	£40.50

Aberdeen - Lerwick	Passenger	£21.31	£23.45
	Car	£86.74	£96.00
	Cabin	£63.48	£70.00

Aberdeen - Kirkwall	Passenger	£20.16	£22.20
	Car	£82.18	£91.00
	Cabin	£63.48	£70.00

Notes:

- NorthLink fares are mid-season, islander fares and Inner 2 Berth cabin
- Fares are rounded so may not be exactly 10%

ANNEX C

DRAFT STAKEHOLDER LETTERS

Note: only one of the yellow highlighted paragraphs to be included, depending on the stakeholder, as set out in Annex D.

Dear [stakeholder]

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.

This increase will bring fares back in line with Road Equivalent Tariff (RET), which we know from the Islands Connectivity Plan (ICP) consultation is something that island residents are keen to retain. We are continuing to review future ferry fares policy through the ICP. **[CHFS only]**

There have been sustained measures and investment by the Scottish Government over time to keep ferry travel as affordable as possible. Islander fares on Northern Isles routes were frozen from 2020 to March 2024 along with a 20% reduction in cabin fares. We are continuing to review future ferry fares policy through the Islands Connectivity Plan. **[NIFS only]**

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 (RET) on CHFS 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. **[Both networks]**

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.

ANNEX D

List of Letters from Director of Ferries

Stakeholder	Organisation	Email address	Letter version
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Regional Transport Partnerships – from Director of Ferries

Cllr Uisdean Robertson (Chair)	HITRANS	REDACTED	Both
Cllr MORAIG LYALL (Chair)	ZetTrans	REDACTED	NIFS
Cllr Stephen Dornan (Chair)	SPT	REDACTED	CHFS

Highlands and Islands Enterprise – from Director of Ferries

Stuart Black (Chief Executive)	HIE	REDACTED	Both
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Local Authority Leaders – from Director of Ferries

Cllr Heather Woodbridge	Orkney Islands Council	REDACTED	NIFS
Cllr Emma McDonald	Shetland Islands Council	REDACTED	NIFS
Cllr Raymond Bremner	The Highland Council	REDACTED	Both

Cllr Jim Lynch	Argyll & Bute Council	REDACTED	CHFS
Cllr Paul Steele	Comhairle nan Eilean Siar	REDACTED	CHFS
Cllr Marie Burns	North Ayrshire Council	REDACTED	CHFS

Stakeholder Groups – from Director of Ferries

REDACTED	Ferry Communities Board	REDACTED	CHFS
Chairs – Ferry Committees or equivalent	Arran Ferry Committee	REDACTED	CHFS
	Bute Ferry Committee	REDACTED	CHFS
	Campbeltown Ferry Committee	REDACTED	CHFS
	Cumbræ Ferry Committee	REDACTED	CHFS
	Cowal Transport Forum	REDACTED	CHFS
	Mull and Iona ferry Committee	REDACTED	CHFS
	Kerrera Ferry Committee	REDACTED	CHFS
	Arran Ferry Committee	REDACTED	CHFS
	Comhairle nan Eilean Siar	REDACTED	CHFS
	Cumbræ Ferry Committee	REDACTED	CHFS
	The Small Isles Ferry Committee	REDACTED	CHFS
	Bute/Cowal Ferry Committee	REDACTED	CHFS
	Kintyre peninsula Ferry Committee	REDACTED	CHFS
	Isle of Coll Ferry Committee	REDACTED	CHFS
	Tiree Ferry Committee	REDACTED	CHFS
	Islay Ferry Committee	REDACTED	CHFS
	Stewart Building Group	REDACTED	NIFS
	Shetland External Transport Forum	REDACTED	NIFS
	Orkney External Transport Forum	REDACTED	NIFS

ANNEX E – List of letters from Cab Sec

Version 1 – CHFS stakeholder

Kenneth Gibson (SNP)	Cunninghame North	REDACTED
Jenni Minto (SNP)	Argyll and Bute (Highlands and Islands)	REDACTED
Jackie Baillie (Lab)	Dumbarton (West Scotland)	REDACTED
Stuart McMillan (SNP)	Greenock and Inverclyde (West Scotland)	REDACTED
Alasdair Allan (SNP)	Na h-Eileanan an Iar (Highlands and Islands)	REDACTED
Kate Forbes (SNP)	Skye, Lochaber and Badenoch (Highlands and Islands)	REDACTED

Jamie Greene (Con)	West Scotland	REDACTED
Ross Greer (LD)	West Scotland	REDACTED
Katy Clark (Lab)	West Scotland	REDACTED

Version 2 – NIFS stakeholder

Maree Todd (SNP)	Caithness, Sutherland and Ross (Highlands and Islands)	REDACTED
Liam McArthur (LD)	Orkney Islands (Highlands and Islands)	REDACTED
Beatrice Wishart (LD)	Shetland Islands (Highlands and Islands)	REDACTED

Version 3 – CHFS & NIFS stakeholder

Edward Mountain (Convener)	Net Zero, Energy & Transport Committee	REDACTED
Emma Roddick (SNP)	Highlands and Islands	REDACTED
Ariane Burgess (Green)	Highlands and Islands	REDACTED
Rhoda Grant (Lab)	Highlands and Islands	REDACTED
Jamie Halcro Johnston (Con)	Highlands and Islands	REDACTED
Edward Mountain (Con)	Highlands and Islands	REDACTED
Tim Eagle (Con)	Highlands and Islands	REDACTED
Richard Lochhead (SNP)	Moray (Highlands and Islands)	REDACTED
Alex Rowley (Lab)	Spokesperson for Transport	REDACTED
Liam Kerr (Con)	Net Zero, Energy and Transport Spokesperson	REDACTED

SCANCE CONTRIBUTION – 2025-26 FERRY FARES INCREASE

Cleared contributions must be sent to Cabinet Secretariat by Private Office by 1 p.m. on Mondays, (unless an extension has been agreed). Private Office will have its own deadline ahead of this.

ACTION FOR PRIVATE OFFICE

MPO should indicate if this SCANCE note is to be included in (check relevant box):

Part 1 of the SCANCE paper

(This is for notes that your Minister wants to talk to in Cabinet and feels may need some discussion. This should be reserved for the most pressing, high-profile issues. A written and speaking note is required.)

Part 2 of the SCANCE paper

(This is for items to be noted by Cabinet and taken as read without any discussion. Ministers will not be invited to speak to these items in Cabinet but a speaking note should still be provided in addition to the written item in case questions are raised in Cabinet.)

ORAL item

(Oral items are not included in the written SCANCE paper issued to Cabinet on Monday afternoons. Oral items should only be used when the content will not be ready in time for inclusion in the SCANCE paper or where the topic is particularly sensitive. Only a speaking note is required for oral items.)

TOPIC HEADING: 2025-26 FERRY FARES INCREASE

MINISTER: CABINET SECRETARY FOR TRANSPORT

Written Note

(The text in the box below will be included in the SCANCE paper which will issue to Ministers the day before Cabinet meets)

The Clyde & Hebrides Ferry Services (CHFS) and Northern Isles Ferry Services (NIFS) contracts stipulate that fares are increased by May CPI for the following year, although Ministers are able to vary fares as they wish.

The Cabinet Secretary for Transport has approved a 10% increase (8% above the May 2024 CPI rate) for all ferry fares in 2025-26 across both networks

The increase is necessary given the scale of pressures on the Ferries budget and the need for Transport portfolio to develop a balanced budget plan for 2025-26. It is estimated that this increase will raise an additional £8m in fares revenue each year.

Stakeholder letters are being issued to inform them of the increase and rationale on Monday 14 October. NorthLink will then publish the NIFS fares, which change on 1 January 2025, in mid-October 2024. CalMac will publish CHFS fares, which change on 28 March 2025, around the end of December 2024. It is expected that there will be significant negative reaction to the increase. Reactive lines have been prepared which highlight the benefits of Road Equivalent Tariff and previous fare freezes, and set out the necessity of the increase in the context of increasing cost pressures and investment in ferries infrastructure.

Speaking Note

(The text in the box below is for the Minister to use to introduce the item or respond to any questions about the item at Cabinet. It should provide additional detail to the written note)

A copy of this should be sent to Cabinet Secretariat when complete

The Cabinet Secretary for Transport has approved a 10% increase (8% above the May 2024 CPI rate) for all ferry fares in 2025-26 across both networks.

CPI increases are stipulated in both contracts but Ministers can vary this.

The increase is necessary given the scale of pressures on the Ferries budget and the need for Transport portfolio to develop a balanced budget plan for 2025-26.

NorthLink will open their bookings from 1 January onwards in mid-October, while CalMac will open theirs from 28 March onwards around late December.

I will be sending letters to NZET Committee, relevant MSPs and key stakeholders to inform them of the increase and rationale on Monday 14 October, and reactive lines have been prepared for media and stakeholder enquiries.

It is expected that there will be significant negative reaction from stakeholders, however, our lines highlight the benefits of Road Equivalent Tariff, previous fare freezes and targeted discounts, and set out the necessity of the increase in the context of increasing cost pressures and investment in ferries infrastructure.

Links to further information (if applicable)	
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