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Willie Rennie MSP
Convener, Transport Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Email: transport.committee@parliament.scot

Dear Convener,

Following my appearance before the Transport Committee on 24 June 2026 on behalf of Highlands and Islands Airports Limited (HIAL), I undertook to report back to the Committee on HIAL's fees and charges that are in the public domain. This letter fulfils that undertaking. It also takes the opportunity to set out the support the affected routes have received in recent years, HIAL's position on the current discount request, and two points arising from the evidence session on which I would like to add context for the record: the escalation of risk to government and engagement with communities. I hope members will find it useful to have all of this in one place.

In the interests of transparency, I have also provided the Committee with commercially sensitive figures relating to the support provided on these routes. These are set out in a separate annex (Enclosure 2), which I would ask is treated as private and confidential to the Committee and is not published. This letter and the fees and charges table (Enclosure 1) may be published in the usual way.

By way of background, our work is shaped by two strategic priorities. The first is a safe and sustainable operating model, modernising airport operations to secure long-term stability and full compliance with Civil Aviation Authority safety standards. The second is growing commercial revenue, diversifying income through retail, property leases and close working with airlines to sustain existing routes, so that we rely less over time on direct government funding. The fees and charges discussed below sit within that context.

Turning to the undertaking itself, the table attached (Enclosure 1) sets out the fees and charges that are in the public domain. It also includes our benchmarking exercise, undertaken to ensure that HIAL's charges are fair and reasonable in the context of UK regional airports.

Published charges do not always give a complete picture. Airlines frequently receive commercially negotiated discounts on published rates at HIAL and other airports; for that reason, I am unable to comment on comparisons between HIAL's charges and those elsewhere. What I can do is set out the position at our own airports. As a Non-Departmental Public Body, HIAL must ensure that all our airports are open to all airlines wishing to take off and land under prevailing commercial conditions, within published opening hours. Our framework agreement allows HIAL to pursue the development of commercial air services and related activities at our airports. HIAL does not make a profit, and Transport Scotland provides a subsidy to offset the losses incurred in its operation. This allows airport charges to be contained at levels that enable commercial air services to operate.

That position is relevant to a statement made during the evidence session: that the Inverness–Stornoway and Inverness–Kirkwall–Sumburgh routes carry no public subsidy whatsoever. To assist the Committee in considering that statement, it may be helpful to explain that these routes have received support over a number of years, including commercial passenger rebates, a discount to support the introduction of the ATR fleet, route discounts and, in the two most recent financial years, a targeted winter discount on the Inverness–Stornoway route. The value of this support is set out in Enclosure 2 and excludes the significant support the Scottish Government provided during the COVID years. Such discounts reflect normal airport–airline relationships; I set them out to give the Committee an accurate picture of the support HIAL has provided for these routes.

It follows that the question before HIAL is not whether to support these routes, but how far that support can reasonably go. Any commercially negotiated discount must be appropriate and affordable. The discount currently being sought, the value of which is also given in Enclosure 2, is neither affordable nor sustainable for HIAL, and such requests have grown year on year.

There is also a legal dimension. Under the Subsidy Control Act 2022, any financial advantage a public body gives to a specific enterprise must be justified and proportionate and must not unduly distort competition between operators.

Discounts beyond the levels already provided would be difficult to defend against those tests. The Committee may also wish to note that the Dundee Public Service Obligation contract is due to conclude in September 2026, which adds further budgetary pressure by lowering HIAL's income and constrains our ability to fund additional discounts.

I would now like to turn to the two points arising from the evidence session.

The first is escalation. Throughout the period when the viability of the affected routes was under discussion, HIAL raised the associated risks with Transport Scotland officials, addressing the community impact of the service reductions on 26 February and 29 April, whilst also noting the revenue impact on HIAL outlined above.

As a Non-Departmental Public Body, HIAL's established route for escalating operational and funding risks is through our sponsor team at Transport Scotland; in this instance, onward

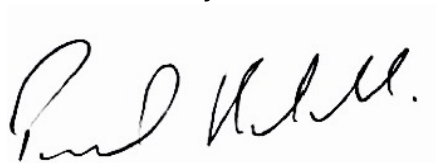
briefing of Ministers is a matter for the Scottish Government while commercial negotiations continue. In this context, there are regular bilateral meetings with Ministers, the most recent involving the HIAL Chair in February 2026. I welcome the opportunity to place that on record.

The second is community engagement. HIAL engages extensively with the communities we serve through monthly meetings with local authorities, NHS representatives and wider community groups, structured to meet each community's needs, and we would always seek to prepare them for significant changes to air services. In this instance, while commercial discussions on the routes were ongoing, all parties had a reasonable expectation of confidentiality.

HIAL received no advance notice of the final decision to withdraw the services and was informed at the same time as MPs, MSPs and other stakeholders on 29 May 2026. Earlier engagement with communities was therefore not possible, and I offer this by way of explanation rather than criticism of any party.

I would be grateful if you could share this letter and both enclosures with members of the Committee, on the basis that Enclosure 2 remains confidential. I hope the information provided is useful.

Yours sincerely



Paul Kelsall
Chief Executive Officer

Enclosure 1 – Comparative published charges – Summer 2026

Enclosure 2 – Route support figures (private and confidential)

Enclosure 1: Comparative Published Charges – Summer 2026

Comparative Published Charges - Based on an ATR42 with a 50% Load Factor (21 Passengers) Summer 26

Airport		HIAL	Aberdeen	Glasgow	Edinburgh	Newquay	Isle of Man	Southampton	Exeter	London City	Birmingham
Passenger Load Supplement		£25.93	£24.12	£19.04	£23.59	£27.50	£27.78	£17.00	£25.20	£24.90	£23.34
Landing Fee		£17.14	£7.97	£8.76	£8.57	£29.00	£28.30	£21.88	£37.70	£0.00	£18.44
Navigation Fees (Air Traffic Charges)		£11.78	£13.18	£6.89	£6.90	£0.00	£0.00	£12.33	£0.00	£0.00	£7.00
18	(Aircraft Weight - Tonnes)	£520.56	£380.70	£281.70	£278.46	£522.00	£509.40	£615.78	£678.60	£3,625.00	£457.92
21	(Passenger No. Assuming 50% Load factor)	£544.53	£506.52	£399.84	£495.39	£577.50	£583.38	£357.00	£754.95	£622.65	£490.14
Total Charge		£1,065.09	£887.22	£681.54	£773.85	£1,099.50	£1,092.78	£972.78	£1,433.55	£4,247.65	£948.06

Sources and Notes

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Weight Charge - Controlled passenger - Air Nav Charge Per tonne

Weight Charge - Controlled passenger - Air Nav Charge Per tonne

Weight Charge - Controlled passenger - Air Nav Charge Per tonne

Passenger Load Supplement (PLS) + Airport Safety & Security Levy

Screening and Security Levy

Fixed Landing Charge + Mandated UK Government Charge