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Dear Convener

LOGANAIR: SERVICE WITHDRAWAL IMPACT

Thank you for your letter of 26 June seeking further information following the evidence session of 24 June at which the Comhairle was represented.

The Comhairle is disappointed there has been no consultation on the cancellation of scheduled air services between the Western Isles and Inverness as these flights are indeed lifeline services. They are essential for accessing specialist healthcare, supporting local employment (including oil and gas workers) and enriching education and family life as well as being vital to the islands' visitor economy and the feasibility of the Renewable Energy transition now in train in the islands.

In answer to the three questions you pose:

Any additional costs you anticipate being incurred by your Local Authority as a direct cancellation of flights next month? *The Comhairle will face additional cost through extended staff absence both directly as individuals undergo treatment and indirectly as voluntary carers seek time off work to support relatives undergoing treatment. Local businesses will face additional cost as business travel has to take a circuitous route to deliver business outcomes. This will impact island GDP. Ongoing loss of population will result as individuals and families with mainland connections conclude that life would be easier if based on the mainland.*

What contingencies you are putting in place should the services be permanently discontinued from October 2026? *The Comhairle does not consider that it is the duty of the Local Authority to put in place contingencies for the withdrawal of a Government-supported air service. However, since being notified of the planned withdrawal of service by Loganair, the Comhairle has engaged with Scottish Ministers, the Scottish Government, HITRANS, NHS Western Isles and the wider business community to mitigate the impact of withdrawal. With this withdrawal, the Public Service Obligation regime takes on a new significance and the Comhairle will be looking to the Scottish Government to create an integrated network based on the PSO principle and prioritising integration between routes rather than on a route-by-route basis (when the internal Western Isles PSO was awarded, passengers seeking to travel from Benbecula to Inverness, many for healthcare appointments, lost connection due to a Loganair timetable change on Stornoway – Inverness; thoughtlessly, Loganair deleted key demand from their own Stornoway to Inverness route). The process should be more open to*

competing operators and better sized aircraft should be specified to increase service frequency and allow the reinstatement of vital intra-island rotations.

In your view, what additional work is required longer-term in relation to the Scottish Government's Islands Connectivity Plan to ensure that it is fit for purpose, is informed by the views of islanders and reflects the full range of transport options required to allow island communities to continue to prosper? *The Islands Connectivity Plan is, in reality, a refreshed Ferry Replacement Plan. Clearly, air services must now sit in a wider, strategic framework comparable to what is in place for other parts of Scotland's national transport network. A strategic Highlands & Islands transport network should be identified where stronger routes support those which are less commercially attractive but socially and economically essential, allowing the network as a whole to deliver better connectivity, value for money and social value. This new framework should form part of the Islands Connectivity Plan and should include: representation at board level for islanders impacted by connectivity challenges; introduction of a Minimum Standard of connectivity for island communities including affordable same-day return services for individuals, healthcare patients, business and the public sector; a thorough review of public support for air services and the extent to which it adds value for the community rather than the commercial operator; and, introduction of a holistic, PSO based network open to competing operators, utilising appropriately-sized aircraft and founded on the interest of the communities it serves.*

Beyond the issues raised by these three questions, the Comhairle has significant concerns around the unacceptable air service situation we now find ourselves in; its impact, how it has been allowed to develop and how we avoid a similar situation in future. The following commentary is offered on some of these concerns:

HEALTH CARE

Although, as you say, the Scottish Government's Islands Connectivity Plan does not yet include detailed plans for securing and developing lifeline air services for the islands, some of the work being done by Transport Scotland and the Government confirms the essential nature of these flights in health care terms. For example, the Scottish Government's Transport to Health Delivery Plan (October 2024) aims to bring health planning and transport planning together and to build opportunities for improved joint working. In developing this Plan, the Scottish Government committed to build better data and evidence around the needs of patient travel and to share this appropriately. Now we have the situation where - without consultation or penalty - a private aviation operator simply withdraws the Western Isles' primary healthcare link with Raigmore Hospital, Inverness, leaving patients with constrained options for treatment (previously a day return to Inverness for medical treatment was possible) and specialist consultants unable to travel from Inverness to the islands to provide essential treatment (at an additional cost of £1m to NHS Western Isles for agency locums). Prior to service withdrawal, 90% of NHS Patient Travel bookings were for the early morning flight to Inverness to enable daytrip treatment. For NHS Western Isles, withdrawal of the Inverness service will cost an additional £100,000 in patient travels costs not to mention the extra, personal burden on patients for whom Patient Travel Scheme support is insufficient to meet the full costs of an extended mainland visit.

Given island demographics, managing an ageing workforce requiring extended absences for diagnostics and treatment will impact Western Isles employers and this is in addition to the impact

on that proportion of the workforce who have caring responsibilities. Given the Comhairle's well-documented recruitment and retention issues and its growing reliance on informal carers to support the Health and Social Care system, air service withdrawal is a backward step and add significant risk to our scheduling and support for timely and responsive care and treatment. The Comhairle therefore welcomes your Committee's engagement with the Cabinet Secretary for Economy, Tourism and Transport as it will take Government intervention at the highest level to bring the private operator to account and to find a resolution to a deeply unsatisfactory situation.

ISLANDS CONNECTIVITY PLAN

As stated the Islands Connectivity Plan (ICP), which you reference, is really a refreshed Ferry Replacement Plan although aviation is within its scope. This lack of focus is in spite of Comhairle calls for a holistic and strategic response to transport connectivity and the Comhairle has repeatedly warned of the risks to lifeline services arising through dependence on a single commercial operator (Loganair). There are no detailed proposals in the ICP for securing and developing lifeline air services for the islands but it does support effective air services: *"Air services and fixed links have the potential to improve the reliability and resilience of island transport connectivity to the mainland but also to strengthen and prioritise connectivity between islands to their mutual benefit, potentially bringing longer-term efficiencies to communities as well as for sustainable delivery of public services. Air travel is the quickest, and often seen as the most convenient, way to travel to, from and between islands and it can also be more environmentally friendly than travelling by ferry and car. Islands air travel is the only means of allowing a trip to the mainland in a single day and it can also reduce overall costs by not requiring overnight stays as ferry trips often do. Aviation also opens up onward connections to other domestic and international destinations, which support local economies through tourism, business and trade. Air travel can also offer greater resilience in bad weather"*.

BUSINESS TRAVEL

Loganair's unilateral decision to withdraw Inverness services seriously impacts cross Highlands & Islands business travel where day returns are the optimal solution to avoid business downtime and costly overnight stays. Air travel for business reduces the environmental cost of travel by ferry and car and provides an essential back-up for businesses faced with constant ferry disruption where this disruption has been formally acknowledged by the Scottish Government through its £14.4m ferry Islands Business Resilience Fund.

It is worth noting that, under the EU, the original Air Discount Scheme was introduced to support all island residents with the aim of boosting regional cohesion and levelling up for island communities. The cohesion and levelling up argument includes supporting the competitiveness of island businesses and the original Air Discount Scheme did not exclude business travel. Exclusion of business travel was introduced by the Scottish Government in 2010 on grounds of scheme affordability. Also, the new Highlands & Islands exemption from Air Departure Tax and the existing Highlands and Islands exemption from Air Passenger Duty, do not penalise business travel, and this does not align with the Scottish Government's Air Discount Scheme which excludes business travel, and these were all subject to subsidy control.

ISLANDS COMMUNITY IMPACT ASSESSMENT / NATIONAL ISLANDS PLAN

The Islands (Scotland) Act 2018 requires Scottish Ministers to have regard to island communities in carrying out their functions. It is a legal requirement that all Scottish Government, Transport

Scotland and Highlands & Islands Airports Limited (HIAL) reviews, policies and strategies should be subject to Island Community Impact Assessment (ICIA) on an island-by-island basis. Scottish Ministers own HIAL airports, directly and indirectly subsidise Loganair and create the policy context within which Loganair operates and yet this private operator can simply withdraw lifeline services from the Scottish islands without consultation or penalty. The impact of this behaviour on fragile island communities is nothing short of catastrophic, clearly evidencing that Islands Community Impact Assessment has been weak or non-existent in the context of air services. The Comhairle submitted a response to the Petition 'PE1862: Introduce community representation on boards of public organisations delivering lifeline services to island communities,' which can be viewed [here](#). This calls for enhanced islander representation on both ferry services and aviation boards.

The current practice of reacting to aviation crises on route-by-route basis does not serve the islands well. Loganair themselves have called for a more strategic approach to the provision of air services across the Highlands & Islands but, instead of a set of planned Government interventions in cases of market failure, we see rising fares, poor timetabling, reduced frequency of service, loss of day return options and now full service withdrawal. Why, when the Scottish Government has well-developed strategic frameworks for road, rail and ferry, does regional aviation have to stumble along, reacting to one commercial decision after another?

As HITRANS, the Highlands & Islands Transport Partnership, have said, operator-led timetable changes and not necessarily lack of demand are undermining island air services. Unhelpful route-by-route timetable changes to suit the operator and the absence of a clear, strategic framework for air services across Scotland reinforce the need to consider aviation as an integral part of Scotland's national transport infrastructure. A coherent policy is now required for Scotland's internal air services which ensures parity across all regions, prioritises transparency and accountability, embeds local decision making and protects fragile lifeline services from the vagaries of a commercial monopoly.

It is for the Scottish Government to ensure that effective air services continue to be provided in cases of market failure. Further public support is required but, before the quantum of that support is considered, the Scottish Government should interrogate route economics. The lack of transparency in this area is regrettable but, as a publicly supported operator, Loganair must clarify route profitability and how the Air Discount Scheme is being used to support island communities. The forthcoming Public Sector Obligation procurement process could provide the necessary scrutiny and, rather than default to supporting an existing commercial operator, could open up more optimal connectivity outcomes for the islands, even if that means an alternative service provider.

The Scottish Government's Islands Team has just produced its second National Islands Plan designed to *"inject further impetus into the delivery of policies, services and investment that equip island communities to pursue their own priorities.....underlining the Scottish Government's unreserved view that thriving island communities and economies are essential to Scotland's present and future success"*. The National Islands Plan contains a short section on aviation focusing on existing subsidies (Public Service Obligation, Air Discount Scheme, campaign for exemption from Air Departure Tax) and points to the Scottish Government's Aviation Strategy. However, of the 16 'Connectivity' actions in the Plan's Implementation Route Map, only one refers to air services (exemption from Air

Departure Tax). Nowhere in these key Government policies and plans is the fundamental risk of service withdrawal flagged or assessed.

ENERGY TRANSITION FACILITATION

The Energy Transition is now underway in the Western Isles. A new 1.8GW Transmission Link between Lewis and National Grid at Beaully has been consented and three Onshore Wind Farms along with two Offshore Wind Farms are either consented or in Planning for connection to this Transmission Link by 2031. An estimated £6.2bn's worth of private contracts are likely to roll-out in the Western Isles over the period 2026 to 2031 and this will require a considerable transient workforce to boost local capacity.

SSEN Transmission will be the first to deploy on site with work on the 1.8GW HVDC Converter Station expected to commence in late 2026. With R J Macleod and Balfour Beatty as Tier 1 sub-contractors for this project, it would have been likely that the bulk of the transient workforce would have transited to the Western Isles through the, now withdrawn, Inverness – Stornoway route. In the same way as SSEN-T contributed to the survival of the Inverness – Sumburgh route when the Viking Wind Farm was being built during the COVID Pandemic, we would have expected SSEN-T to contribute to the viability of the Inverness – Stornoway route over the period 2026 to 2031. Utilising public sector or regulated sector expenditure to strengthen open scheduled routes provides far greater social value than closed-door charter movements, improving resilience and enhancing competition across the region. It is deeply disappointing that Loganair seem to have dismissed this potential in their unilateral decision to withdraw service.

LOGANAIR'S POSITION

The media has carried reports of 'price gouging' by Loganair – increasing the price of a service to a particular cohort far beyond what is considered reasonable or fair. The Comhairle makes no comment on this allegation but a quick analysis of the price of Inverness-based island flights versus similar (by duration and aircraft) Loganair flights elsewhere in the UK makes for some uncomfortable comparisons. The Scottish Government must as a matter of urgency satisfy itself that all public support mechanisms which Loganair have historically benefitted from, and continue to benefit from, are actually being applied to support fragile island communities as intended.

The Scottish Government's objective should be to preserve connectivity for island communities and not to preserve a private operator's current business model, especially when that business model is driving reduced connectivity, increased fares and suppressed demand. Any fall in demand referenced by Loganair is more likely to be caused by reduced service frequency, poor timetabling, removal of same-day return options and significantly inflated fares. As Air Discount Scheme fares become the new normal, non-ADS fares for NHS, business, public sector and visitor travel are becoming totally unaffordable, consolidating any reduction in demand that the operator is referencing. There is evidence that Highlands & Islands travel is significantly cost-responsive. When there was direct competition on some routes during 2017/18 fares fell and passenger numbers increased – by 37.5% on Aberdeen – Kirkwall, by 33.4% on Glasgow – Stornoway and by 27.3% on services between Aberdeen, Edinburgh, Glasgow and Sumburgh. By contrast, Loganair's response to lower demand has historically been increased fares.

Recent media reports point to Inverness based aircraft being redeployed to more lucrative contracts elsewhere. The Comhairle makes no comment on this allegation but it does raise the question of whether island routes are actually unsustainable or just less profitable than other routes. Again, transparency, open-book accounting and scrutiny around route profitability, Air Discount Scheme value, fuel surcharge benefit, and HIAL Airport charging is required.

CONCLUSION

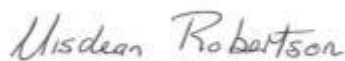
While recognising its limited duties in respect of commercial air service provision, the Comhairle would welcome further engagement with key decision makers and stakeholders to develop a shared long-term vision for the future of the Highlands & Islands aviation network based on the needs of our communities rather than on the whim of a commercial monopoly operator. This process should be led by Scottish Ministers but with local representation at all levels and the Comhairle would welcome the opportunity to contribute.

The Scottish Government is currently engaging with Local Authorities around the Public Sector Reform (PSR) agenda. PSR is being driven by the need for joined up services, efficiency in service delivery and community empowerment and island air services require exactly the kind of 'whole system' thinking that PSR is designed to deliver. As with road, rail and ferry services, internal air services require a strategic Government-led framework, to ensure optimum route integration, increased usage through proper timetabling and affordable fares, with the communities served at the heart of decision making.

Yours sincerely



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