



Official Report
Aithisg Oifigeil

DRAFT

Transport Committee

Comataidh na Còmhhdhail

Wednesday 7 October 2026

Session 7



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TRANSPORT COMMITTEE **8th Meeting 2026, Session 7**

CONVENER

*Willie Rennie (Fife North East) (LD)

DEPUTY CONVENER

*Lloyd Melville (Angus South) (SNP)

COMMITTEE MEMBERS

*Iris Duane (Glasgow) (Green)

*Zen Ghani (Glasgow Cathcart and Pollok) (SNP)

*Donald MacKinnon (Na h-Eileanan an Iar) (Lab)

*Graham Simpson (Central Scot and Lothians West) (Reform)

*Collette Stevenson (East Kilbride) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Laura Cromarty (Orkney Islands Council)

Alison Irvine (Transport Scotland)

Paul James (Association of Shetland Community Councils)

Martin Joyce (Comhairle nan Eilean Siar)

Paul Kelsall (Highlands and Islands Airports Limited)

Darren MacLeod (Highlands and Islands Airports Limited)

Ronnie Matheson (Loganair)

Simon McNamara (Loganair)

Lucy Mulvagh (Disability Equality Scotland)

Councillor Uisdean Robertson (Comhairle nan Eilean Siar)

Stuart Strachan (Transport Scotland)

LOCATION

The Alexander Fleming Room (CR3)

Scottish Parliament

Transport Committee

Wednesday 7 October 2026

[The Convener opened the meeting at 09:00]

Islands and Regional Air Travel

The Convener (Willie Rennie): Good morning, and welcome to the eighth meeting in 2026 of the Transport Committee. We have not received any apologies. The first item on our agenda is an evidence session on islands and regional air travel, which follows an earlier session on the same topic in June. We will hear from three panels of witnesses, so we have a lot to get through. I have allocated roughly an hour for each panel. I am grateful to the witnesses who have been able to join us in the room for our first panel: Ronnie Matheson, who is the chief commercial officer, and Simon McNamara, who is the head of government and corporate affairs, at Loganair. I ask witnesses and members to keep their questions and answers as short as possible.

Iris Duane (Glasgow) (Green): Thank you for joining us. As you would have seen, there have been some recent news stories from Unite the Union about your cabin crew staff potentially going on strike. Why do you believe that staff are balloting at this time?

Ronnie Matheson (Loganair): It is important to point out that the conversations are live, so I do not want to go into a lot of detail. We are committed to having discussions with the staff and we will be back around the table later this week. To your point about the news stories, the strike would affect a small portion, rather than all, of our cabin crew. We believe that we will be able to operate all our services on time throughout the process.

Iris Duane: I do not want to prejudice any of the ongoing discussions, so we can skip the specifics. You note that the strike will affect a small amount of staff, but I read that around 60 cabin crew staff are being balloted at the moment. The statistic may not be up to date, as I took it from your gender pay gap report last year, but I believe that you have around 124 cabin crew. If the strike is successful, would it not affect around 50 per cent of the workforce?

Ronnie Matheson: We have around 150 cabin crew now, so a strike would affect about 40 per cent of our cabin crew workforce.

Iris Duane: Is the implication that a strike of around 40 per cent of the cabin crew would still allow for safe and convenient travel?

Ronnie Matheson: That is what we believe.

Iris Duane: I will not go into the specifics of ongoing conversations, but I want to pick up on one of the union's points. It said that a so-called final offer—it is clear that it is not a final offer, as you said that conversations are ongoing—was put on the table before negotiations with the union had started. Is there any reason why the process was not followed?

Ronnie Matheson: I do not think that I should go into any detail on the ongoing conversations. A process is in place. We welcome constructive dialogue with all the parties involved and we are committed to seeing it through.

Iris Duane: That is good to hear. I am trying to be incredibly careful because, as you said, the negotiations are ongoing and I would not want to put you or the unions in a difficult position. However, I believe that your cabin crew on average earn around £26,000 a year—that is from a report that was published last year, so it may have gone up. The union is looking for a pay rise, given the amount of work that your cabin crew do. Given that the company made an £11 million profit before tax last year, do you think that £26,000 a year is a lot of money for a member of cabin crew to earn?

Ronnie Matheson: There is a market rate for cabin crew and we pay fairly for the role. To your point about profitability, and as I mentioned to the committee when we gave evidence in June, it is critical that Loganair remains financially sustainable, especially when four airlines in the UK have gone into administration in the past 12 months.

Yes, we are making a profit, but it is important to note that we are reinvesting money back into our services. I told your predecessor committee that our profit margin is around 4 per cent. That is a very thin margin, and it can fluctuate. There are some volatile costs that can cause the business problems fairly quickly.

To answer your question, yes, we are profitable, but we operate in a market and must align with market conditions.

Iris Duane: To be clear, and I am sure that the rest of the committee would agree, we want you guys to keep running, especially given the lifeline services that you provide.

You mentioned the slim 4 per cent margin. I had a chance to look at the numbers since your previous committee appearance, and I can understand the market that you are operating in. However, there was a bit of upset when £8 million was paid out in shareholder dividends over the past few years. Of course, in a private business, such payouts happen, but when you have ongoing trade disputes in which staff feel as though they

are not being paid well enough or compensated fairly for their time, can you understand why they may feel upset about that?

Simon McNamara (Loganair): Yesterday, the news picked up on the involvement of Unite the Union. Another thing that was reported in the news yesterday was that our pay discussions with our pilot workforce came to a successful conclusion. The media does not often report positive news, but there we go. That is in the public domain, so it is probably worth looking at, and the agreement applies to a big part of our workforce.

To come to your point on dividends, that information is in the accounts, so it is a matter of public record. We have private shareholders who very strongly supported the company through Covid and various other ups and downs, and we are very lucky to have owners who understand the business and are prepared to support it to ensure that we stay in business. As Ronnie Matheson said, that is essential.

I think that we should come back, when we can, to the fact that we are here to talk about island connectivity and strategy. At the heart of what we are talking about is ensuring that we can continue to fly to those communities as well.

Iris Duane: Yes, I agree. However, the ballot closes on 27 October, which is just before the committee returns after recess, and there is concern that there will be a strike. That is where we are coming from.

You are confident that you can maintain the same services. However, concerns have been expressed to us by our constituents and some staff about what that would mean, especially for their jobs. We prioritise island connectivity, but we also want to ensure that staff are supported.

This will be my last question on the topic. I am not trying to impose anything on you, and I am not part of the negotiations, but Unite specifically said yesterday that it did not feel as though Loganair was prioritising keeping the ballot off the table and it felt that Loganair was putting profits before people.

That is quite a serious accusation, and the committee today presents a good opportunity to hear your reflections on it. Do you agree with the union that profits are being put before people?

Simon McNamara: No, I do not think so. We are ensuring that we run a robust and financially secure company. It is worth stating that one of the things that our customers consistently feed back to us is how incredible our cabin crew are and how warm the welcome is. Many members of the committee fly on Loganair, and I hope that they would reflect that, too.

We absolutely value our cabin crew workforce, and we absolutely value all of our workforce. We are incredibly proud of the company that we have and of the people who work in it and contribute every day. We absolutely want to come to a settlement with our cabin crew community. As Ronnie Matheson says, those discussions are ongoing, and we are very confident that, whatever the outcome, we will continue to be able to offer services. We made that point clearly in the communications that we sent out yesterday.

Iris Duane: Thank you. For fear of prejudicing those ongoing conversations, I will leave it there, convener. I wish the cabin crew best of luck with the negotiations, and I hope that there will be a resolution by the time we return for our next evidence session after recess.

The Convener: Thanks very much, Iris.

There was a view that Loganair traditionally operated on a cross-subsidy basis, with the more profitable routes supporting those that were more challenging. There seems to be a strong view in island communities that that has changed and that you are now adopting a more cherry-picking approach. If that is the case, why did you change your approach?

Ronnie Matheson: I do not agree that there was a process of cross-subsidy in the past. Ultimately, each route must operate within the financial performance parameters that we set.

One thing that has exacerbated matters, and I am sure that we will come back to Inverness, Stornoway, Kirkwall and Sumburgh later, is the significant change in the cost base. I touched on this when I previously gave evidence, but maintenance costs, airport costs and other expenses are growing and causing much greater concern at the individual route level.

We certainly do not want to be in a position like the one we were in with Inverness, Stornoway, Kirkwall and Sumburgh. As we move on from the current downturn in performance, we need to look in more detail at each route's performance and decide on the right frequency and cost base for that route, and then adjust our schedules and operations accordingly.

I pull us back to the point about profitability. We are making less than £4 per passenger in profit overall. That is not the profit from individual routes but the sum of them all. Ultimately, that has to be the measure against which we assess our performance and make decisions going forward.

As we move into this period where we are facing a much higher cost base, we have to examine things in a lot more detail than we may have done in the past.

The Convener: It has been discussed previously in the committee that you want there to be more state intervention on certain routes if the Government wants to continue those flights. If that is the case, do you accept that we will not just look at those individual flights that are struggling but look at the network as a whole, with the result that you will lose control over some of your profitable routes? Do you accept that that might be the inevitable outcome?

Ronnie Matheson: I guess that, in the current environment, we have raised a problem with a particular set of routes from Inverness.

The Convener: Do you not think that we have the right to look at all the routes and reintroduce a level of cross-subsidy that we believe was in place previously?

Ronnie Matheson: I am not sure that I understand why you would want to do that. Ultimately, we are a private company that operates these routes without Government intervention. Why would the Government want to jump into routes that are operating in a free market?

The Convener: The position would be challenging were taxpayers expected to privatise the profits while socialising the losses. There is a strong view that that is what is happening.

Simon McNamara: We appear to have strayed into public service obligation territory. There is a PSO framework and legislation that allow for a subsidy if a market fails and the Government steps in. That clearly states that there is an allowance for profit on subsidised routes, because it is recognised in the legislation that airlines have to reinvest. Therefore, profit is essential even on subsidised routes. That is clearly set out in regulation 1008/2008, which is European Union legislation. That point is worth making.

The Convener: Our point is that, if you take a route-by-route, almost day-by-day approach to every flight, you are abdicating your responsibility to look at the network as a whole, which we believe was the approach that you took previously. Therefore, there might be a greater demand for state intervention across all the routes, not just the ones that you choose to tell us are unprofitable.

Simon McNamara: Sure. That is the role of the state. Again, that is in the legislation. Ironically, the Department for Transport makes the judgment if you submit to it that a route is failing. We can discuss that as well. It is for the department to judge that, but the route has to fail.

There is a strong case for Government intervention to support island communities. The air discount scheme—ADS—is an incredibly powerful tool that directly supports island residents to get discounts and lower cost travel. At the same time,

those who are not island residents are paying the full rates and therefore contributing to the overall health of the company, but the island residents are getting a benefit.

09:15

ADS is a massively powerful tool, but it is weak in the United Kingdom. It is weak in Scotland in terms of coverage. In Spain, for example, as we discussed last time, a 75 per cent discount is offered across the board. Here, it is 50 per cent and for leisure only. There could be more support in that area. It does not come to us; it goes straight to those people who are asking for and need that island connectivity.

The Convener: In effect, it does come to you, does it not? If ADS did not exist, the profitability of your company would drop, would it not?

Simon McNamara: I do not think so, no.

The Convener: Would you not have fewer passengers?

Simon McNamara: We would not. If you are suggesting that ADS encourages people to travel, ADS gives a discount of 50 per cent to those island residents who have to travel. Those people would then pay the same rate.

The Convener: Are you saying that it would have no impact on the number of people who would fly if it was to be abolished?

Simon McNamara: I do not believe so.

The Convener: Really? At £600 or £700 a ticket?

Ronnie Matheson: Can I come in on that?

On your point about the price point, the average spend per head on ADS is less than £90. That, by default, suggests that the people who are using ADS are buying tickets at the lower end of the scale. They are not paying for the higher-priced tickets that have been referenced a lot around the table here. They are booking at the lower end of the scale.

I am also mindful that there are around 88,000 people who are eligible to use ADS, but not everyone is taking advantage of that process. We are certainly looking at the price points—to your point around £700 tickets—that are in play in the marketplace at the moment.

I do think that people have to travel. I am not suggesting that people will not travel if ADS is not there, but I make the point that people are not availing themselves of £350 discounts on ADS.

The Convener: It is really difficult to believe that the abolition of ADS would have no impact on the number of people flying. Therefore, the logic must

be that it has increased your passenger numbers, which makes your flights more viable, which increases your profits. That must be the case.

Ronnie Matheson: I am sure that it has an impact, but we do not know what taking it away would look like. It has been in place for long enough now that it has become a normal part of the process.

The Convener: You say that it has no impact on the profitability of your company, but I dispute that, because I cannot believe that price has no impact on the number of people who fly. Therefore, I just encourage you to acknowledge that ADS contributes towards the viability of your business.

I am going to move on to Donald MacKinnon.

Donald MacKinnon (Na h-Eileanan an Iar) (Lab): I will carry on the line of questioning around price point and ADS. Ronnie, you mentioned that some of your routes operate without any Government intervention, but I would strongly contest that. I think that all the commercial operations that your company undertakes in Scotland have some level of Government intervention.

We have just talked, following the convener's questioning, about ADS. Undoubtedly, that scheme has an impact on the profitability of your company and its operations. Your passenger operations are underpinned by tickets that are being paid for through the public sector, whether that is health boards, local authorities or other agencies. That is another form of intervention, and the airports that you are flying in and out of in the Highlands and Islands are heavily subsidised and operated by a Government agency, Highlands and Islands Airports Ltd, so it is unfair to characterise those other routes as being without Government intervention. Do you have any reflections on that?

Ronnie Matheson: You have raised a number of points that are about indirect intervention, on the basis of who the people are who are travelling with us. On other routes around the network, people travel on Government business. For example, that happens on other routes out of Edinburgh and on routes out of Jersey and the Isle of Man. That is business travel in general. I understand your point that there are other ways in which revenues arrive with us from the public purse, but we do not sit down and apply for that as support for the route. That is the business as usual of flying on a particular route.

On the point about ADS, we put fares into the marketplace. I hear the points that are being made, and I listened to you talk in Parliament on Thursday evening—I also heard the various other points about price point in the marketplace. We put fares into the market, and ADS then means that

the island resident gets 50 per cent paid for by the Scottish Government. Our fare is basically paid for. We still need to recover the price that we put in the market to help with the performance of that particular route. I understand your point on ADS driving revenues to us, but it is the person who is being subsidised. Yes, we carry that person, but Loganair is not in direct conversation with the Government about giving a discount to those people. Basically, a subsidy is in place from a person point of view, rather than directly to us.

Donald MacKinnon: But that clearly distorts the market in your favour.

Ronnie Matheson: As I say, ADS has been in place for a number of years—I think that it is around 14 years—so it is difficult to now turn round and ask what things would look like without it. We do not know what would happen without ADS. The market environment, the operating cost base, and the way in which people work in business have all changed in that timeframe. It is difficult for us to draw that out and say, "If we had this, it would mean X or Y."

Donald MacKinnon: Do you want to come in, Simon?

Simon McNamara: Yes. I would like to ask what you are getting at. Do you want to eliminate ADS or something? I do not quite understand the line of questioning. It is an essential tool for island residents to be able to fly. From that perspective, it is vital. I hope that we can talk about strategy, but in a way that looks at how we can support island flying. When the state intervenes, that does not remove the cost of operations—that can often be overlooked. Regulating a market or state intervention does not remove the fuel cost, the cabin crew cost, the pilot cost or the aircraft cost. All those costs still exist.

Donald MacKinnon: I am asking how we make sure that the public money that goes into the air service, whether that is through ADS, HIAL or the purchasing of tickets by the public sector, is best utilised to ensure affordability and a good air service for island residents. I am not questioning the existence of ADS; I am questioning whether the mechanism that we have is delivering that service. What I see is that the higher you put your ticket price, the more you get from ADS as a result.

We will move on. When you were at the committee previously, we were in a crisis situation with the Inverness flights. I am pleased that the Scottish Government stepped in to provide extra resources to HIAL to offer the discounts that allowed the flights to be reinstated, but I am aware that that position takes us to March next year. How confident are you that we will not end up in the same situation in March?

Ronnie Matheson: When we last sat in front of the committee in June, we took some feedback on our consultation and the strategy with which we go about negotiations, with a view to returning the service as quickly as we could. As you say, that situation has now been resolved, and we are pleased that the flights will be resuming from next Monday.

I note that Paul Kelsall from HIAL will be at the meeting later, and I am hoping to catch up with him later. We have already opened discussions on what next year will look like, and we will carry on with those discussions. As I said, we have taken some learnings from the process that we have gone through. We certainly do not want to be in a position again next year of ending up with flights being withdrawn—I said that in the previous evidence session, as well.

We are confident that we are well placed to have those discussions. As I said, at this point, I do not believe that we will be in the same position next year as we were this year.

Simon McNamara: Just to add to that point, our chief executive officer said on the record that we will continue to fly those services post-March, so we have made that commitment. The quid pro quo that we would expect is for HIAL and the Scottish Government to be equally committed to ensuring that those services continue now that we have made that public commitment.

Donald MacKinnon: Thank you for adding that point and repeating that commitment—it is helpful to know.

I turn to the winter timetabling changes, which I thank Simon McNamara for making me aware of last week. Has there been much proactive publicity from Loganair yet on those changes?

Ronnie Matheson: Let me draw back a bit to talk about the reasons why we are making those changes. As we run into the winter period, we understand more about trends in demand throughout the summer period and the continued cost challenges that we face.

As a result, we made the decision to trim several flights out of our network for the winter period. That is a fairly normal practice for the winter, but we have stepped that number up this year, with somewhere between 12 and 15 per cent of our capacity being removed for the winter period. I hasten to add that that figure is for the whole network, not only the islands and Scottish regions. That removal of capacity is similar to what we are seeing from other airlines, and there are several reports of large low-cost airlines taking similar actions on their networks. To go back to the point on financial sustainability, the changes are about

managing our costs properly through a tough winter period.

On the point about publicity, we have directly contacted the people who have been impacted by service cancellations, and they have been offered alternative flights and refunds where appropriate. We made a commitment in this committee in relation to messaging key stakeholders and, as you mentioned, Simon McNamara was in contact with yourself and many other MSPs, as well as with key regional stakeholders. My team has also been in contact with several national health service boards about some of the changes that we have made to the network.

Donald MacKinnon: Were any significant concerns raised by stakeholders when you made them aware of the changes that you were proposing?

Ronnie Matheson: I will bring this discussion back to a Scottish island perspective. I apologise that the cuts to the Tuesday and Friday services for Edinburgh have affected you personally, Donald—

Donald MacKinnon: I am not taking it personally.

Ronnie Matheson: That was certainly not the plan.

09:30

From an island perspective, we will provide some consolidation flights. We will provide circular flights from Edinburgh to Sumburgh and Kirkwall through the winter period, although there are direct flights two days a week. We have tried to minimise the number of cancellations and retain as much of a service as possible to our island base through the winter period.

In our feedback, the notice that we have given people has been welcomed. There are some longer journey times for Edinburgh, but the general message for our island communities is that most flying remains intact for the winter period, with the exception of the two days in relation to the route between Edinburgh and Stornoway.

Donald MacKinnon: There has been talk of further planned reductions in midwinter—perhaps in January. When will you communicate those decisions?

Ronnie Matheson: At the end of last week, we finally processed the 12 to 15 per cent capacity change, which covers the whole winter period, but I cannot say, at the start of October, how performance will continue through that period. We might have to make other small changes, but the key point is that we have made a decision to take out a large chunk of capacity now. We believe that

that balances the demand that we can see ahead of us and that it is the right size of service to work with. As I said, the odd change might be made later in the winter, but the changes should not be significant.

Simon McNamara: I want to frame the issue. Today, our CEO is at an annual meeting of about 50 regional airlines. There was a meeting of CEOs this morning and, when we talked to our CEO earlier, he said that the reports back were bleak. We only have to look at the news to see the general economic situation and the challenges that every business faces. We are not immune to those challenges, so what we have done is prudent. The economic situation is brutal—if you google the airline situation, you will see that airlines across Europe and across the board are affected. At the meeting this morning, some airlines that were giving feedback from the regional airline community reported 30 per cent cuts in capacity. We are not immune to that.

As Ronnie Matheson said, we are prioritising island flying—there have been significantly fewer reductions in the winter timetable, as is normal practice, than there have been across the mainland network. We have done that deliberately to ensure that we protect to the greatest extent possible—notwithstanding what Donald MacKinnon said about his flights—the integrity and frequency of the services to island communities.

The Convener: I am conscious of the time, but Donald MacKinnon can ask a final question.

Donald MacKinnon: I want to give you an opportunity to respond to a report in last week's *Stornoway Gazette* about fuel surcharges. I assume that you are familiar with the article that I am referring to, which suggests that, over the past six months, Loganair received about £2.1 million in excess revenue by increasing the fuel surcharge on flights. When you gave evidence to the committee previously, you said that a significant proportion of your fuel costs for 2026 had been hedged, but the fuel surcharge has been placed on flights. What is your response to that?

Ronnie Matheson: I know that you mentioned that during the debate on Thursday. The report in the *Stornoway Gazette* references a dossier that was sent to the Transport Committee. We have not seen anything of that dossier and are not familiar with the inner workings of how the calculations in it were reached, so we cannot comment on that.

You are right that fuel is a significant cost for us, which we referenced the last time we gave evidence to the committee, and the price continues to climb. Fuel hedging is an extremely complex tool. Yes, it allows us to have some cost certainty, but it still leaves us with some exposure. We have little to no hedging for the year ahead.

Donald MacKinnon: Have you profited from the fuel surcharge this year?

Ronnie Matheson: Absolutely not. In the current financial year, we will report a lower per passenger profit than our current reported profit in our set of accounts.

The Convener: That is not quite the question. We are saying that you have received more from the fuel surcharge as a result of the hedging that you have been able to put into place for the current financial year. You are saying that that is not true.

Ronnie Matheson: That is not the case. It is important to point out that there is a mix between the selling profile of flights and the flights that are operating. We have hundreds of thousands of people on the books this year who have not paid any increase in fuel surcharges at all. Likewise, hundreds of thousands of people who are booking for next year will be paying much less than what we will pay for fuel when we operate the flights. We will certainly not be making large profits off the back of fuel surcharges.

Graham Simpson (Central Scotland and Lothians West) (Reform): I know that we are short on time, but I want to go back to ADS if I can, so that I can better understand how it works. Let us say that the fare is £400 and I am an island resident who is entitled to a 50 per cent discount, so I would pay £200. Who would get the other £200?

Ronnie Matheson: Effectively, how it works is that the customer would pay £200. We would bill Transport Scotland for the other £200, which it would pay to us. We would then receive the total £400 fare.

Graham Simpson: I book the flight and am entitled to ADS. The price would drop for me and I would pay £200. You know that I had the discount because of ADS and you claim £200 from the Government. If you put the fare up, which you could, you would get more money.

Ronnie Matheson: Yes, but the risk is that the island resident may not pay £250 or £300. I appreciate that that is circling back to the point that was made earlier about demand. Right now, the value of our ADS per head contribution is around £90, so there is a gap for sure.

Graham Simpson: Yes, but if you put the fare up, you would get more money, as the Government would pay more.

Ronnie Matheson: That is assuming that the person converts.

Simon McNamara: Why would we put our fare up?

Graham Simpson: You do put fares up.

Simon McNamara: Why would we artificially increase them, which I think is what you are asking?

Graham Simpson: You do put fares up.

Simon McNamara: I think that you are suggesting that we artificially increase them.

Graham Simpson: I did not say that; I said if you put the fare up. I have not suggested anything of the sort. I am just trying to work out how ADS operates. I think that we have a clear idea. Now that we are on to fares, as you know, as I referenced it in the members' business debate last week, I travelled to Shetland last Friday and I paid nearly £500 for a return fare. I said that the trip could be a once-in-a-lifetime thing—I was not joking, although I wish that I was—because of the price of the fare.

I wish that I could afford to fly and to take my wife to any of the Scottish islands, but the fares are so expensive, and the fare to Shetland is probably the most expensive. I struggle to understand why the fares are so expensive. Why did I need to pay nearly £500 for a return trip? Liam McArthur said during that debate that I would get a caramel wafer and a piece of shortbread. I did get those, but they did not really make up for the cost of the fare. Why is it so much?

Ronnie Matheson: We covered that issue in the previous meeting. We offer fares that start from about £150 when booking well in advance. It is a standard fare model that starts off with lower fares when booking in advance and then climbs up to higher fares at the later end of the market. We have also covered that the demand levels on those flights are not the same as when travelling between larger metropolitan areas and cities, such as the Edinburgh to Southampton route, which has a significant pool of people as well as various different choices available. That factor drives part of the discussion.

There are also the higher costs of operating in those environments. We have talked about how airports in the Highlands and Islands are one of the more expensive groups of airports, which is because of the operating environment that they are in. We understand that there are challenges with infrastructure and that there is a harsh operating environment, but the price reflects the cost challenges that we experience. The price also balances the revenue management approach, which is about whether we offer lower fares earlier versus higher fares later.

As was mentioned at the committee during our previous evidence session and in the parliamentary debate on pricing on Thursday night, Simon McNamara and I have sat with the Shetland Transport Partnership, Orkney Islands

Council's enterprise and infrastructure committee and Western Isles Council's transport and infrastructure committee. We hear the feedback on fares. At the most recent meeting with ZetTrans, we committed to review our price points and our pricing into the marketplace, and my team is currently working on a new set of pricing that we will test. We will start with flights to Shetland, where we will change the price point in the last-minute market. You will notice that I am not saying that fares will be lower; I am purposely not saying that, because we need to cover the costs of flying in those regions.

I do not want people to say that all our fares cost £700 because that is what they see when they look at a flight for tomorrow or next week. I want to get to the question of how we change the pricing curve and say to people, "We can lower fares at the later end of the market, but that will mean that we will need to raise fares at the further-out part of the market." The message that I keep hearing is that most people are booking later and referencing return fares that cost £500, £600 or £700.

I have taken on board the feedback, and we have made a commitment to trial changes to the pricing in the marketplace, and we will understand the effects of that and take them on board.

Graham Simpson: Do you accept that you could attract more passengers if you lower fares?

Ronnie Matheson: As I mentioned before, there is a balance to be reached, for sure. We need to cover an ever-growing cost base as we work in a harsher operating environment. We must make sure that we get the right balance between the price that we put in the marketplace, the level of demand and the operating costs that we need to cover.

In the previous evidence session, we briefly touched on the competition in September 2017 when Flybe and Loganair went head to head. That battle drove down the price point and drove a small blip in demand, which was possibly down to more people using the flights, but Flybe did not last particularly long, because Loganair and Flybe both sustained significant losses on that route.

It is a tough call. We are certainly open to testing, understanding and trying new price points in the marketplace. I have now made that commitment publicly, and we will follow through on that and learn from it. We can feed that back into the Transport Committee and the various other transport committees as well.

09:45

Graham Simpson: I will make a general point. When I speak to people who live on islands—I spoke to a few people on Shetland—I hear that the

fares put them off. They basically cannot afford to fly. If I cannot afford to fly that route—and I am very well paid—then you have a problem. I want to fly up there again, but I cannot afford to because it is so expensive—

The Convener: I am conscious of time.

Graham Simpson: I will move on.

The Convener: Could you move on to ask about future models?

Simon McNamara: Can I—

Graham Simpson: No.

Simon McNamara: No?

Graham Simpson: I will move on, because the convener has asked me to.

Simon McNamara: Fair enough; that is no problem—I am happy to discuss that afterwards.

Graham Simpson: When you were last at the committee, you mentioned that you would like the committee, the Government and everyone to look at future models. We also referenced that quite heavily in the debate last week. Which model would you like to see in place?

Simon McNamara: There are various models out there. Scotland has a model that is pretty common, particularly across Europe, which involves a large independent operator that works alongside the Government on certain routes but also has a large commercial network that operates alongside that in a competitive market.

A lot of reference is made to the Norwegian market, which has an effective, centralised process with a clear policy on what regional air connectivity is about. However, one thing that massively differs between here and the Norwegian model is funding. The Norwegian Government puts in about £180 million a year, while the total figure in Scotland—I am sure that Transport Scotland will cite it back to you—when you add the HIAL subsidy and all the other moneys that come in is about £70 million. We cannot escape that.

Supporting a market does not remove the costs of operating, fuel and aircraft ownership, because all those things still exist in a regulated market. All that changes is who pays the balance when it comes to the cross-subsidy. The fact that support mechanisms in other countries are much stronger is the issue that is not debated here.

Our favoured tool is ADS, because it can be targeted directly at island residents. More support could be put into that and targeted at them. As Ronnie Matheson has explained, that money does not come to us; it goes to the island residents. That is a tool that could be used more.

My other point in response to your question is that the PSO model itself has weaknesses in the UK. I would be happy to share a paper that we submitted to the Department for Transport that has six recommendations for how the PSO framework in the UK could be improved, because it is weak. We are not saying that the PSO model is a panacea because, as we can see from various failures across the market, it does not always work as well as it is billed to work.

Graham Simpson: You could send that in to us—that would be good.

Simon McNamara: Absolutely. We have already submitted the paper to the Westminster Government and we would be happy to share it with you.

Graham Simpson: However, in the Norwegian model, the state essentially identifies which routes ought to be there. It is a bit like a bus franchising model: the state decides which routes it wants and people need, and then those go out to tender—I suppose that that is the right word—and are paid for. We do not have that here.

Simon McNamara: We do. The PSO framework is a Europe-wide framework. It was introduced in the mid-1990s when the industry was deregulated and it was transferred into UK law post the UK's exit from the European Union. It is a common framework under which there is a liberalised market, so airlines compete freely. However, when the legislation was put in place, it was recognised that some economically important markets would be so thin that there was a risk that airlines would not operate in them. The legislation therefore allowed for subsidy, which is otherwise illegal for airlines.

That mechanism is common and it is used here. As Donald MacKinnon knows well, some of the Western Isles routes and the island operations in Orkney are supported in that way. It has its flaws, and we have submitted those to the Government. We have that model, but it is not working as well here as it does in other countries.

Graham Simpson: Right. Okay.

This is my final question. The Government held a summit last week or the week before; it was very recent. Were you there?

Simon McNamara: I think that you are referring to the meeting last Tuesday. I did not realise that it was referred to as a “summit”—

Graham Simpson: It was.

Simon McNamara: —which makes it sound very grand. That was hosted under the auspices of the Highlands and Islands Transport Partnership, ZetTrans and Transport Scotland. I am aware that

Transport Scotland is appearing before you later, so I am sure that it will report back.

What I would say—

Graham Simpson: Were you there?

Simon McNamara: Sorry. To answer your question, yes, both of us were there. It was a very good discussion, because we started—I think that the committee should do this as well—to dig beneath the surface of what drives cost. A lot of the things that we have discussed today, whether that is pricing, ADS or anything else, have not dug beneath what is driving the cost of air fares. I am not talking about what the prices are but talking about what the costs are.

We started to examine that in the meeting. That was a mature debate among lots of interested parties. It led to a greater understanding. For us, that was about what lies behind our costs and about what is important to island residents. It was a useful first step.

Graham Simpson: What was the outcome? Will there be further meetings? Have you got an end point?

Simon McNamara: We were not hosting the meeting, so I do not want to go on record on that.

Graham Simpson: Where did you leave it at the end?

Simon McNamara: It was left that Transport Scotland was going to follow up, so I suspect that you would be better off asking that question later, because we were not chairing the meeting; we were a participant. I do not want to prejudice something that it might say.

Graham Simpson: Thank you.

The Convener: Zen and Collette, due to the time, I will not take your questions in this session, but I will make up the time later. I will bring in Lloyd.

Lloyd Melville (Angus South) (SNP): I will pick up some of Mr Simpson's points and also the convener's broader points about the model and state intervention. As you know, the Government has been interventionist on ferries, trains and buses. Is there an additional level of state intervention that you could live with? For instance, the NorthLink Ferries vessels themselves are owned by the Government through CMAL. If the Government wanted to purchase your planes that operate in the regions of Scotland and then contract the services back to you, how much might that cost?

Simon McNamara: I do not think we can give you the precise figures here, but—

Lloyd Melville: Perhaps you can write back to us on that.

Simon McNamara: Definitely. That model works. You are probably aware that HIAL owns the two Twin Otter aircraft that serve the Western Isles, so the model is used. That is a way of supporting the market. Where there are extremely thin routes that are not commercially viable, we need to consider the best way for the state, in whatever form that takes, to support those routes.

Lloyd Melville: Would you be prepared to entertain that model, were it on the table?

Ronnie Matheson: We would have to assess that. It is not something we have thought about or looked at. We would have to examine that and come back to you.

Lloyd Melville: Okay. Thanks. That was my key point.

I will move on to Dundee. I hope that colleagues will forgive me for focusing on this issue for a moment, but it comes back to the nature of the PSO regime. There was an active PSO in place for a Dundee airport route, and Loganair has decided to exit that early. Why have you done that?

Ronnie Matheson: I circle back to costs once again. This is part of the problem that we have outlined previously, and in our written submission, about the structure of PSOs. I will work through an example. When a PSO is initiated, Loganair will look at the invitation to tender for that PSO. Let us say that it is a four-year PSO that starts next summer or next October. We will sit down and examine that. We will submit the cost of our operation for each year, which will include a small inflationary escalation. As Simon McNamara outlined earlier, there is room for a small margin at the bottom of that.

Lloyd Melville: How much is the shortfall?

Ronnie Matheson: Basically, after all the costs, we are running a loss on that route of more than £1 million. That is after the subsidy. My point is that we do not have the ability to pass any shocks in the cost system back into the PSO, so we then carry the risk of losing money while operating that PSO.

I think that I have mentioned to you directly that we had put forward a number of options to structure that from a cost-saving point of view. It just does not work within the terms of the PSO. The terms of the PSO—

Lloyd Melville: If a new PSO were on the table with different terms that you could agree to, would you be willing to entertain that?

Ronnie Matheson: We put that forward as an option, and I believe that a review of the Dundee situation is under way. We gave notice in March. We asked for alternative options to be sought, as I outlined. None of those would work, and we are

now in a position where we have had no choice but to close the Dundee base.

Lloyd Melville: I apologise for interrupting, but someone with a cynical eye would look at this and say that this is just another example of trying to get more money from the Government to run another route, as you have done in the Western Isles.

Ronnie Matheson: No. The key point here is that we carry the risk on that route. We set out at the start of the contract, in good faith, what we think the costs are of that route. We have no ability to pass on any shock costs to the system, such as maintenance, national insurance, fuel and so on. We cannot recover those costs. Therefore, the route would not run without the subsidy. With the subsidy, we are losing money and have no ability to recover it, so we have no choice but to withdraw from the route.

Lloyd Melville: You have spoken about removing the crew base. What would be the knock-on impact on staff from that?

Ronnie Matheson: We have offered our staff alternate options. We have bases in Edinburgh and Aberdeen. The process is ongoing, but we will try to redeploy as many of the staff as possible.

Lloyd Melville: Can you rule out any redundancies?

Ronnie Matheson: We are going through the consultation process at the moment.

Lloyd Melville: You cannot rule out redundancies.

Ronnie Matheson: As I said, we have made offers to our staff to redeploy them elsewhere in the network.

Lloyd Melville: That answer is pretty clear.

You said that a review is ongoing. What was the last piece of correspondence that you are aware of about trying to secure the future of that route?

Ronnie Matheson: I believe that Dundee City Council is reassessing the viability of the route. That is the last I have heard about it.

Lloyd Melville: Are you aware of discussions between Dundee City Council and Transport Scotland about this?

Ronnie Matheson: I am in regular contact with Dundee City Council to talk about the performance of the route, but nothing is coming directly from those discussions about its future. As I understand it, a review is under way into the viability of a future PSO tender, but there is certainly nothing that has got us to the point where we have had discussions about applying for a PSO, or even whether one is coming. That is all under way at the city council.

Lloyd Melville: Thank you.

The Convener: We have asked you some difficult questions today. I know that you would have preferred to talk more about future models. However, our questions probably reflect the degree of distrust that exists towards the company within communities. I hope that you take away the fact that we regularly hear deep concerns and questions about ticket prices, ADS, how much money you make and your corporate overheads, which is why we have asked you about those things today.

We know that the situation is urgent and that, if we do not get a new arrangement in place by March, the Inverness routes are potentially at risk again. We hope that those discussions progress quickly, because we want to see a resolution.

10:00

However, the wider issue is that, because of the lack of trust that exists in communities, there is probably a greater demand for more control—not just subsidy—over the routes. I suspect that that will be reflected in the discussions, but what we have just now is not sustainable.

I apologise for the difficult questions. That is our job. I hope that we are able to have future discussions.

Simon, would you like to say something?

Simon McNamara: I just wanted to add that we are here and open to scrutiny. I hope that that tells you something about our willingness to be open and to be scrutinised. We have come back a second time, convener. We could easily have said, “You know what, it was tough last time, so we’re not going to.”

We are out in the communities, we are regularly in touch, and I exchange emails with Donald MacKinnon and others. They are pretty direct sometimes, and we absolutely get that. We listen and we hear.

We are incredibly proud of what we do. We have served the islands for more than 60 years, while 40 airlines have come and gone. We want to keep doing that. If there is distrust, we want to rebuild trust. I work for Loganair. I do not find it comfortable that there is distrust, and I do not think that anyone who works for Loganair would, because we are very proud of the company that we run and of the people in it. We want to provide a service that islanders need.

We are here, we are open to scrutiny and we are happy to keep discussing matters.

The Convener: Ronnie Matheson wishes to have a final word.

Ronnie Matheson: I will be very quick, convener. I echo Simon McNamara's points. I also want to add that we take the feedback seriously, and I hope that my commitment on changing fares is a working example of our taking on board the feedback from the various stakeholders and the various meetings that we have. We absolutely value the feedback, and, as Simon says, we are here and willing to have these discussions and take on board that feedback. We are certainly trying to build the trust that is required as well.

The Convener: Thank you very much for coming this morning. We do appreciate your presence.

I will suspend the meeting briefly to allow for a changeover of witnesses.

10:02

Meeting suspended.

10:05

On resuming—

The Convener: I welcome our second set of witnesses, all of whom join us online: Laura Cromarty is head of marine services and transportation at Orkney Islands Council; Paul James is from the Association of Shetland Community Councils; and Martin Joyce, who is the chief executive, and Councillor Uisdean Robertson are from Comhairle nan Eilean Siar. How did I do with my pronunciation? There is complete silence.

We will try to keep our questions short and snappy, and I ask our witnesses to do likewise with their answers, because we have only an hour, roughly. I also ask members to direct their questions to individual witnesses. We will begin with questions from Donald MacKinnon.

Donald MacKinnon: We have just heard from Loganair about some of the issues across the network at the moment. I want to pick up on some of those points and to ask about air services more generally across the areas that you represent.

Some uncertainty was created by the removal of flights from Inverness to the Western Isles and the northern isles. That issue has been resolved for now, but changes have been made to the timetable for the winter period, and island communities have raised concerns about the price of flights and timetabling in general. Will you offer some initial reflections on the impact that all of that is having on island communities? I put that to Laura Cromarty in the first instance.

Laura Cromarty (Orkney Islands Council): Good morning, and thank you for allowing me to take part in today's discussions.

You hit the nail on the head as regards what the key issues for our community are. Price is a key concern. As well as being a huge challenge for local families' connectivity and their ability to travel onwards, the high cost of flights makes it a challenge for local businesses to be able to attend specific events such as conferences off island. I appreciate the funding that has recently been awarded to enable services to continue, but I question the current format of the timetable. I do not believe that the timetable that we have for some of our routes encourages participation. As a result, numbers are low, which represents a challenge for the provision of a viable service. If we had a timetable that was fit for purpose and that met communities' needs, more people would use the services, which, in turn, would mean that less subsidy would be required. Timetabling is a key aspect.

Reliability has been an issue in the past, but I do not believe that it is a key concern at the moment. The key concern is about affordability and price. Because families are struggling with the cost, it restricts what we do. The original ferries plan—"Scottish Ferry Services: Ferries Plan (2013-2022)"—said that a lifeline connection was one that was required for a community to be viable. I would argue that the same applies in relation to our air services. We require those air services in order to be viable as a community. We obtain funding to ensure that lifeline ferry services are provided, and I think that we should look at air and ferry connectivity together. We need to look at connectivity in general, and I would say that we should use the same definition of "lifeline" for our aviation services as we do for our ferry routes.

Donald MacKinnon: I turn to Paul James in Shetland next.

Paul James (Association of Shetland Community Councils): Thank you for the opportunity to speak. I agree with everything that Laura Cromarty said.

First things first, I speak for the Association of Shetland Community Councils, and I am quite surprised that there is not more community council representation here. We are the ones who get it in the neck on a regular basis, and it is all about price and availability. It is also about adaptability, in terms of the need to make short-term changes to travel plans. For example, if you go to NorthLink Ferries and say, "I need to change my sailing to tomorrow," you can do it there and then, pretty much free of charge, but it is more of a rigmarole to change a flight with Loganair.

I live on a remote island off the coast of Shetland. If I cannot get to Shetland mainland because the ferry is broken down or the weather is poor, I have to reschedule my crossing or

reschedule my flight, which makes things very difficult. Sometimes, a journey can be put off for two or three days. That is an issue that affects islanders pretty much every day.

We are not just one homogeneous bunch, and I am very conscious of the fact that there are people from the Highlands and people from the Western Isles here. They will face similar problems, though perhaps not to the same scale.

I fully agree with Laura Cromarty's point about treating aviation as a lifeline service. The air discount scheme itself applies to islanders, but it does not apply to relatives, so if you have relatives down south, them getting up to visit represents a significant cost. It costs them less to fly to Chile than it does to fly to Shetland. The impact of that is social exclusion for the people who choose to move up here to live. That causes a lot of heartache, which is quite unreasonable.

Donald MacKinnon: Thanks for those opening reflections, Paul. I am conscious of time and I want to get everybody in, but you raise important points.

I turn to Martin Joyce next. Martin, we had you at the committee earlier in the year, and you gave us some reflections on what you saw as the main issues, specifically with regard to Inverness. Could you talk us through what has happened since then and how you feel engagement has gone?

Martin Joyce (Comhairle nan Eilean Siar): Thank you for having me today. I caught the tail end of the evidence from Mr McNamara, who recently met me, the leader of the council and others to apologise for what has happened. We had a fairly blunt conversation about several issues, touching very much on the points that the previous two speakers mentioned.

I would go further on ADS. Previously, it applied to business use, and the withdrawal of ADS for business use has had a significant impact on businesses on the island who have sustainable employment opportunities that involve taking people over to the mainland and vice versa. That has had a significant impact in relation to having sustainable communities. In fact, that impacts on the comhairle significantly. Given the volume of traffic on flights where we have to pay the full cost, the council does not get the benefit of ADS.

The reinstatement of the Inverness route is, of course, to be welcomed.

On transport connectivity, having aviation and ferries all joined up as part of a regional transport policy, which Laura Cromarty mentioned, would be absolutely welcomed. I talk about flights, ferries, freight and fixed links as being four key Fs that affect the Western Isles on a day-to-day basis. Having a more holistic, strategic approach to

transport in the widest possible sense would be immensely beneficial to us.

Although we welcome the announcement that the Inverness routes will be reinstated later in the year, interisland connectivity remains an issue for us, particularly when a planned clinical treatment pathway often requires people from Barra, for example, to travel up to Stornoway via Benbecula and then take a forward leap on to Raigmore in Inverness.

10:15

Although the reinstatement of the Inverness routes is welcome, we still have wider issues relating to people's ability to access healthcare in a consistent and coherent way. There continue to be problems with the reliability of ferries, so a reduction in air services creates issues for people who have to travel for healthcare. The issue is not just about people needing to get off the islands for healthcare; it is about bringing to the islands specialists, locums and consultants, as well as specialist equipment. For example, maintenance facilities have to be brought to the islands to maintain the equipment that is there, particularly in the main hospital in Stornoway.

We have a number of challenging issues. When Loganair came to see us, we recognised that, at the end of the day, it is a commercial organisation that is trying to make money. We have discussed a number of issues with Loganair, including the fuel surcharge. It has been public in saying that it hedged a lot of its fuel costs, which is quite common, prior to the Iran situation, but it seems to be passing on all those fuel costs through additional surcharges, recognising that—

Donald MacKinnon: You are covering really important points, but I want to move the discussion on slightly—

The Convener: Lucy Mulvagh would like to come in. I apologise, Lucy—in my excitement about my Gaelic pronunciation, I forgot to welcome you to the meeting. You are the CEO of Disability Equality Scotland, and you want to answer Donald MacKinnon's question.

Lucy Mulvagh (Disability Equality Scotland): Apology accepted. I thank the committee for the invitation to take part in today's meeting.

I am here to represent Disability Equality Scotland, which is a national charity and a member-led disabled people's organisation with thousands of members, including disabled people, other DPOs and other organisations that support our vision. We work on a range of issues, and we regularly consult our members to inform national policy and practice. I think that we have been invited to take part in today's meeting because, in

2025 and 2026, we carried out consultations that touched on disabled people's experiences of aviation.

Accessible travel is repeatedly raised as a major concern for our members, hence why it is an important area of our work. This year, we held focus groups on aviation for island communities and on access to healthcare in remote areas, which touched on aviation issues. Last year, we ran a survey that asked disabled people about their experiences of air travel more generally. From what we have heard, we think that air connectivity needs to be understood as an independent living, equality and human rights issue, as well as a transport and economic issue.

For disabled people, particularly those living on Scottish islands and in rural areas from whom we heard directly, the question is not just whether an air service exists—in other words, its availability—but whether disabled people can equally enjoy access to all the other things surrounding aviation that other members of the population enjoy. Such things include getting to the air service, boarding the plane, travelling with the equipment and medication that people need, completing the journey safely and with dignity, and being able to afford the additional consequences if any bits of the system fail.

As the committee has heard over several evidence sessions, air travel, like any other mode of travel, is quite often a means to an end. It helps people to get to work, it helps people to access essential services such as healthcare, and it supports education. Crucially, as Paul James touched on, it also supports family life and, in relation to disability equality and rights, the much wider concept of independent living. Air travel must be accessible to ensure that disabled people can enjoy their rights on an equal basis with others.

In addition to issues with the availability of flights, our members have told us that there are issues relating to inaccessible boarding, difficulties with or uncertainty about travelling with medication and essential equipment such as oxygen tanks, damage to wheelchairs and equipment, and inaccessible plane interiors—for example, people might not be able to get to the toilet. Sometimes, assistance is unreliable and there can be poor communication about what assistance is available or the fact that it is required. There can be issues with surface transport, with a lack of assistance between the drop-off points at airports and the terminal. There are knock-on consequences for costs if there is service disruption or the frequency of services changes. Finally, affordability and reliability are also accessibility issues.

Donald MacKinnon: Thank you, Lucy. You have raised some important points.

My last question is about interisland connectivity, which Martin Joyce spoke about. I would like to bring in Uisdean Robertson to speak about his experience with the PSO route that the comhairle supports between Benbecula and Stornoway. After Loganair withdrew from the service, the council had to look at alternative providers. Linked to that, Uisdean, could you touch on any experience that you have had with the accessibility concerns that Lucy Mulvagh spoke about?

Councillor Uisdean Robertson (Comhairle nan Eilean Siar): Madainn mhath—good morning. The PSO council-run service between Benbecula and Stornoway is currently run by Hebridean Air Services and operates on Mondays, Tuesdays and Fridays. On 26 October, it will move to a five-day service. For 90 per cent of the time, it is used by those who are travelling for health reasons. Recently, the ferries have had significant difficulties on the Sound of Harris route.

On accessibility, there was a lot of social media commentary early doors that put many people off from using the plane service. I have used it a few times and it takes half an hour to travel, compared to nearly a full day, to go to Stornoway and back. One person from my community travels for dialysis twice a week on Mondays and Fridays. It is convenient for him to travel in that way.

We have a problem with low cloud in Uist, which causes many plane services to be cancelled. Previously, we have had discussions about the European geostationary navigation overlay service—EGNOS—which was removed when we left the EU. That has caused problems with landing when there is low cloud.

I have found the service between Benbecula and Stornoway to be quite useful, but some people have difficulties with getting on and off the plane. Edinburgh Napier University is currently doing some work on a system such as the aviramp that is used on the Loganair flights. I wish that the service was used more often. Travelling from Benbecula to Stornoway by ferry can be costly as it can involve two car journeys and a ferry journey, which costs a significant amount of money. I do not think that we look at the costs in the round.

Graham Simpson: I thank the witnesses for attending the meeting. I was going to ask about the impact of high fares, but I probably do not need to do that, given that the witnesses, particularly Laura Cromarty, have already covered it. If anyone wants to add anything on high fares, perhaps they could raise their hands.

Laura Cromarty: I apologise for this, but I just wanted to come in on the previous question about accessibility and aircraft—[Inaudible.]

The Convener: Laura, you are on mute. I do not know what happened.

Laura Cromarty: My apologies—I will start again.

If possible, I want to cover some of the queries that were raised in the discussion on accessibility. I am currently responsible for the interisland air services PSO contract in Orkney as well as the six outer north isles airfields and their associated crew. I am aware of the HITRANS project looking at accessibility for aircraft, and I believe that the ferries accessibility fund has now been extended to aviation. I am hopeful that the project that HITRANS has been working on to try to find an accessible solution for our Islander aircraft will obtain funding for the next financial year so that we can progress with a prototype for the aircraft.

I also hope that we can obtain an accessible solution for our lifeline ferry service routes. Such solutions would be hugely beneficial for our communities. We have already said that, going forward, Orkney would be delighted to trial any service with the prototype.

The Convener: Thank you.

Collette Stevenson (East Kilbride) (SNP): My line of questioning is on accessibility and the high costs of travel. I was gonnae put this question to Loganair's representatives, but I will put it to yourselves now. It clearly states on Loganair's website that some passengers must travel with a companion and that discounted companion fares are available. In your experience, what costs are involved for a companion, and who decides on that when travelling with a disabled person?

The Convener: Who would like to come in on that? If nobody has an answer, we might come back to the question later with Transport Scotland.

Oh, I see that Uisdean Robertson wants to come in.

Councillor Robertson: We have a regular argument about how companions travel with patients to hospital appointments. It is the health board that decides whether it is appropriate to have a companion come along with the person who is travelling to hospital.

Collette Stevenson: Are the costs of such travel significantly high?

Councillor Robertson: I understand that the health board has a separate discounted scheme with Loganair for patient travel. I saw Donald MacKinnon's question in the Parliament the other day about the costs of accommodation; in my community, a lot of people will no longer travel to hospital because accommodation—in mainland hotels, for example—can cost more than £200, when people get only £60. I have heard from

several people that they are now choosing not to travel. It is a significant cost, and I am not quite sure what discount the health board gets.

I was surprised at the answer that the convener got to his earlier question on the air discount scheme. The scheme addresses part of the resident's fare burden, but it does not address other issues such as the underlying fare, seat availability, frequency of travel or the costs that are borne by patients' companions, employers, the NHS or other travellers. It is a major concern for us if people who need hospital treatment no longer travel because of the costs of overnight accommodation.

Laura Cromarty: With regard to the scheme for ferries, local concessionary travel has been extended for island residents, who get two free return trips per year by ferry, and companions of eligible disabled residents travel free of charge. I wonder whether there would be an opportunity to consider extending the scheme to aviation, as that might address the points that have been raised about accessibility.

10:30

Lucy Mulvagh: In my opening remarks, I said that, from our point of view, affordability is an accessibility issue. It is very difficult to treat accessibility and affordability as completely separate policy silos. The Equality and Human Rights Commission describes accessible and affordable travel as underpinning people's ability to enjoy other rights, such as the right to participate in social and economic life and the right to live independently.

A participant in our research from Islay explained that the cost of accommodation when attending a healthcare appointment is about £100 more than the reimbursement that they receive from the NHS. They suggested that some people in Islay might be choosing either to relocate permanently or to skip secondary healthcare appointments, because of the cost.

For some disabled people, the practical cost of travel is affected not just by the cost of the flight—that is, the published ticket price—which is why I go back to the point that we need to consider the issue from the perspective of equality, human rights and independent living. We should not view the issue simply in relation to economics and transport.

Our research participants did not speak directly to the issue of subsidised aviation, so DES cannot speak about it either, but we do recommend that any evaluation or review of that focus on equality, because that will allow it to usefully investigate passenger experiences and costs, including the additional barriers that disabled people encounter,

whether in the run-up to a flight, during a flight or even after the journey.

Martin Joyce: Lucy Mulvagh has made many of the points that I was going to make.

There is a wider demographic issue in relation to elderly people needing companions to travel with them to planned healthcare appointments. We should consider the total costs and implications of that. Aside from the cost of aviation travel, and the cost of local accommodation, the companion might be required to take time off work and might require childcare support during the period in which they are supporting, typically, a family member on a healthcare journey.

Therefore, this touches on a range of topics as well as specific issues with aviation. It is a complex area, and we could do with some simplification to deal with a number of those issues, as many of the other witnesses have said.

The Convener: Apparently, Paul James has said in the chat that his points have been made already, so we can move on.

Collette Stevenson: I would point out to Lucy Mulvagh that it just so happens that I also sit on the Equalities, Human Rights and Civil Justice Committee, so I will take away all the comments that have been made about human rights and whatnot.

The Convener: That was quite a significant diversion from Graham Simpson's questions. I will hand back to you, Graham.

Graham Simpson: That is not a problem. After all, what we have been discussing is really important.

I have a question for Lucy Mulvagh, but anyone can answer it. Are you aware of any audits that have been carried out of the services for disabled people—or lack thereof—in individual island airports and on their routes? If such audits do not exist, perhaps they should.

Lucy Mulvagh: I do not have that information to hand, but we are the umbrella organisation for the network of local access panels around Scotland, so I can contact members of our network and ask whether any of the relevant access panels in the relevant areas have done any accessibility audits. That is one of the key activities that access panels do, although it is not the only one. I can find out and then let you know whether we are aware of any audits having been done.

Graham Simpson: That would be very useful—thank you very much.

We do not need to dwell on this, because we all accept that air fares are too high and that they put people off travelling. Therefore, I will park that

issue and go back to a point that Laura Cromarty made right at the start about timetables being an issue, certainly in Orkney and perhaps elsewhere. What is the problem there?

Laura Cromarty: A prime example is the fact that the timetable is such that we have a shorter day in Edinburgh, which makes it difficult to attend business meetings. Historically, I would have been able to go down to Victoria Quay to talk about ferries issues and get back home the same day. Unfortunately, with the timetable changes, an overnight stay is required.

Another example is the timetable for the Inverness route. I understand that funding has been provided to ensure the continuation of that route, but I can no longer get a day return to attend a HITRANS meeting in Inverness. The current timetable configuration means that I need to spend three days out of the office. I would say that patronage is low, because the timetable does not work for business or leisure use.

It does not work for the purpose of attending medical appointments, either. A number of appointments are made for Inverness through NHS Orkney, but the timetable makes it extremely challenging for patients to attend them. I have said to Loganair colleagues that I would like to capture information on how many patients are now having to travel by road, and to have someone travel with them, in order to get to, say, eye appointments, because they are no longer able to get to them by air. It is important to capture that information. Loganair has said that patronage is low, but that is because the timetable is not quite working for the community.

I have suggested to Loganair that, instead of a six-day-a-week service, I would rather have a fit-for-purpose three-day-a-week service to Inverness that provided a longer operating day and gave people the opportunity to get down to Inverness and back on the same day. We would rather have a service that was fit for purpose in the sense that it would allow us to programme in meetings and appointments. The same goes for Edinburgh services.

Graham Simpson: That was a point well made.

Paul, have you experienced, or heard about, the same issue?

Paul James: We have definitely heard about it. Another issue that was touched on earlier was the need for a wider transport strategy that includes aviation. With medical institutions—and this is certainly the case for people who live on the remote islands—they will often make appointments for times that are simply not practical from a travel point of view. As a result, everything

has to be redone, which introduces delay to what can be time-critical appointments.

I also want to go back to the issue of those who accompany people with disabilities, which has already been partly covered. Some people need to be accompanied not only for medical appointments; the fact is that there are people with long-term disabilities who need a travelling companion 24/7, 365 days a year, so that needs to be catered for, too. There is a voucher scheme in operation in Shetland, but it is very limited.

One of the points that I made earlier was about the social impact of not being able to travel—*[Interruption.]* Can you still hear me?

Graham Simpson: Yes.

Paul James: Limiting the number of vouchers available for travel to medical appointments has an impact on young people with visible or even hidden disabilities. I hope that I have answered your question.

Graham Simpson: Councillor Robertson—I will not attempt to pronounce your first name—is timetabling an issue for you?

Councillor Robertson: Yes. I think that we need to define a minimum standard. Basically, that would mean specifying affordable fares, dependable year-round frequency and capacity, and the ability to make a meaningful day return, the need for which Laura Cromarty has already commented on.

Island and remote communities need practical access to national centres, where essential, and access to such regional centres as Inverness and Aberdeen for healthcare and business. When Loganair withdrew the service from Stornoway to Inverness, it removed the morning service rather than the evening one. The health board stated that its preference was to keep the morning service, which would have allowed travel back on the same day by ferry, for example. Timetables are clearly part of the issue, but affordability is the biggest one for us.

One of the arguments that we have had consistently with Loganair in North Uist, where I live, has been about connecting the Hebridean Air Services service from Benbecula to Stornoway with the service from Stornoway to Inverness, so that people can get to Raigmore hospital. Timetabling is critical, as is affordability, which is also part of the connectivity issue at the end of the day.

Graham Simpson: We have touched on fares and timetabling, and I think that you all accept that something has to change. You have heard us speak about the other models out there, such as the Norwegian model. Do you have any thoughts

on what we should do in future to make things better?

I will pick on someone—I will start with Laura Cromarty.

Laura Cromarty: Apologies—I was having problems with my mic again.

I feel that our interisland air service PSO route works very well, because, as a council, we have the ability to outline our fare structure and our timetables. Twice a year, we present the summer and winter timetable schedules to our communities for them to consider. Something similar needs to happen for our external lifeline routes—I refer to them as such because they are lifeline routes—so that we have the ability to set the fare structure and be involved in setting the timetable so that it is fit for purpose.

Our PSO contract is index linked, so the payments increase incrementally. It also includes a high element for aviation fuel, which means that the operator receives an uplift that enables it to afford to operate the service throughout the four-year period. In fact, Loganair has never raised any issues with the contract in the 20 years for which I have been involved in it. It works very well, and a similar type of operation for our external routes would be beneficial.

Graham Simpson: In the interests of time, I will ask Martin Joyce the same question, and then I have a final question. Martin, do you have any thoughts on other models?

Martin Joyce: When we met Loganair, it touched on a number of other models, but I do not think that those would be applicable in a Scottish context. It talked about how the large airports underpin regional airports, but given that Glasgow and Edinburgh airports are owned by other private companies, I am not sure that that would be an option unless they were brought back into public ownership at some point.

To answer the question, six local authorities are treated as island authorities. Some sort of regional transport strategy that covered aviation and ferries, for passenger transport and for freight, which is increasingly becoming an issue for us, in a holistic way would be the best way of ensuring that all the islands, wherever they are located, are treated in a fair and equitable way across all the subject points that we have touched on, including healthcare, accessibility and cost. We should look at the whole system, rather than picking off individual routes and individual crews.

Graham Simpson: Did you attend the summit or meeting last week?

Martin Joyce: Yes, I did. I was there with the leader of the council.

Graham Simpson: What did you get out of it, and where do you think that it will lead?

10:45

Martin Joyce: We have been quite vocal about the fact that we wish to pursue the single authority model for the Western Isles. We are aware that there is a desire for a regional—

Graham Simpson: I think that you are talking about something else.

Martin Joyce: I am sorry—I was talking about the public sector reform summit that took place last week.

Graham Simpson: That is a different issue. I was referring to the meeting about air connectivity. Were you at that meeting?

Martin Joyce: No, I was not.

Graham Simpson: Was anyone from the council there?

Martin Joyce: I would have to check. I am not sure whether Councillor Robertson is aware of that.

Councillor Robertson: Yes—one of our officers, Colm Fraser, who is the head of municipal services, attended the meeting in Edinburgh.

Graham Simpson: He did not tell his chief executive, though. Never mind.

Councillor Robertson: He told the chair of transportation.

Graham Simpson: There is a conversation to be had about that, I think.

Laura Cromarty, did Orkney Islands Council attend?

Laura Cromarty: Yes, the chair of our committee attended the meeting. Unfortunately, I was not able to attend, but we have caught up since. She said that it was a helpful discussion and that a number of key points were raised that were similar to the points that we are discussing today to do with affordability and where we go from here. It was recognised that ADS is crucial for our communities. Other models were mooted, but the consensus was that we need to retain ADS for our communities.

Zen Ghani (Glasgow Cathcart and Pollok) (SNP): I thank the panel for attending the meeting. I will move on to community engagement. I want to hear about what consultation and engagement has taken place so far. I will start with Paul James. How effectively do you feel that Loganair and other decision makers listen to communities' concerns when decisions are made about things such as regional air travel?

Paul James: The fact that I am the only representative on the panel from any of the community councils is strong evidence that there is not much communication. Everything that I have learned has been learned through word of mouth or because I have gone online. There has been very little direct communication.

Zen Ghani: That is concerning to hear.

Laura Cromarty: As well as attending our external transport forum in Orkney, Loganair attends our internal transport forums to discuss the interisland air service. We have highlighted that it needs to try harder when it comes to communication and that it needs to provide updates when there are delays, which it has noted. When I met Loganair colleagues recently, I told them that it is better if they are open and honest when services are delayed or when timetables change and that they should communicate those things to passengers. They agreed that the company needs to improve.

Councillor Robertson: Simon McNamara and Ronnie Matheson attended our transportation committee a couple of months ago, and the council leader, along with Martin Joyce and I, had a separate meeting with Simon McNamara a week or so ago.

Loganair's engagement with communities is poor in comparison with that of other agencies such as CalMac, Caledonian Maritime Assets Ltd, Transport Scotland and HIAL, and it is not as good at meeting community representatives. Our local authority meets HIAL every six weeks. Those meetings are attended by most councils in the Highlands and Islands area. Although health boards are invited, they rarely attend.

Zen Ghani: When communities have raised concerns about reductions in or changes to flights, do you feel that those concerns have influenced decisions, or has it simply been a box-ticking exercise on the part of Loganair?

Councillor Robertson: In my experience, it has been a box-ticking exercise. In the past year or so, Loganair has not been wonderful at responding to email correspondence from elected members or community councils—in fact, it has been very poor in that regard.

To go back to the earlier question about audits, there is an issue that we have consistently raised in relation to Glasgow airport. If a flight is cancelled, priority for getting on the next flight is supposed to be given to people with mobility problems. However, when a flight is cancelled at Glasgow, it is usually the quickest and fittest passengers—those who get to the Menzies desk first—who are able to get on the next flight, rather than those who should be given priority. That has

always been an irritation. We have consistently raised that on behalf of people with mobility or other issues who are travelling back from hospital. Apologies—I digressed a bit there.

Zen Ghani: Thank you. I will put the same question to Paul James. Do you feel that the raising of concerns influences decisions, or is it simply a case of Loganair ticking boxes for the sake of saying that it has engaged?

Paul James: This is very much my personal opinion, but it strikes me as a box-ticking exercise. Laura Cromarty has consistently referred to the air service as a lifeline service. If there are any delays to our other lifeline services, particularly for the north isles, that is all communicated well in advance. We will be told one or maybe two days in advance that something will happen so that islanders can plan their journeys—they can cancel or reschedule them and manage their own travel. That does not happen at all with air travel.

Laura Cromarty: I have had similar discussions with Loganair on the matter. I noted that communications from Serco NorthLink are fantastic—they are second to none—and the response from Loganair is usually that it would love to have the same level of resource to be able to do the same, but it cannot because it is not funded in the same way.

I agree that communication is not good. That includes responses to timetable changes. We are now in the “winter thinning” period, in which you might experience a trip from Edinburgh up to Shetland and then back down to Orkney, which is not great. The feedback has always been that we do not want to have a shared service in that way during the winter period, but, unfortunately, that feedback has not been taken on board.

Zen Ghani: Are communities consulted early enough, or does that happen only after decisions have been made?

Laura Cromarty: There is a lack of consultation prior to any timetable changes. That is unlike what happens with bus services, for example, in relation to which a consultation process needs to be gone through before they are reduced. There does not seem to need to be the same process for aviation.

Martin Joyce: We made the point rather bluntly to Loganair when it came to see us that the first time that we had heard about the withdrawal of the Inverness service was when we saw it in the press. There had been no advance discussion or notice of its decision to withdraw that service. Absolutely zero consultation took place, at least with ourselves or the other local authorities—I am not aware of whether the company consulted Transport Scotland. That came as a complete surprise to us.

As a general position, I find Loganair to be reactive rather than proactive in its corporate approach to such things.

Lucy Mulvagh: The people we have spoken to through our research have not mentioned that situation, so I cannot comment on it. However, our view, which is based on what our members have said, is that it is very clear that disabled people’s voices must be embedded and that any discussion and decision making, whether about regional air policy, timetables, supported routes, ADS or whatever, should involve meaningful participation of disabled people and, indeed, disabled people’s organisations. It should not in any way, shape or form be a box-ticking exercise.

Zen Ghani: Those are all my questions, convener.

The Convener: I want to ask about representation on HIAL. Clearly, concern has been expressed about the fact that there are no island representatives on the board. The report from last December indicated that two new board members had been appointed, one from Edinburgh and one from Yorkshire. What is your view on that? I will come to Uisdean Robertson first.

Councillor Robertson: We have very strong views on the issue, which have been articulated over many years. The lack of island representation not only on HIAL’s board, but on those of CalMac and CMAL, is something that we would like to see sorted. We have raised that a number of times over a number of years. I have written to various ministers in my time—I think that there have been nine transport ministers in the 10 years for which I have been chair of my council’s committee. It is a source of frustration for us that there are no Highlands and Islands voices on those boards, because it is clear to me that the organisations in question do not understand the impact that cancelled ferries or planes have on our community. Until we have someone at the table where the decisions are arrived at, nothing will change.

The Convener: What do ministers tell you when you make that point?

Councillor Robertson: They always refer back to the fact that it is not the Government that is taking the decision.

The Convener: But we are talking about a publicly owned body.

Would anybody else like to come in? I cannot see who has put their hands up. Does anyone have a view? No. That is clear.

I will move on to Lloyd Melville.

Lloyd Melville: I am particularly keen to ask about the future model. In doing so, I will follow on

from points that Mr Simpson raised. It is all well and good for the Government to take a piecemeal approach, but it is clear that we need not only island representation on individual bodies, but some sort of overarching national framework that island communities can feed into.

I will start with Uisdean Robertson. Do you feel strongly that there needs to be a stronger national body that island communities can pitch into?

Councillor Robertson: We have discussed the issue quite a lot at HITRANS. Our clear ask is that a Highlands and Islands air service review be developed under the Scottish Government umbrella, jointly by Transport Scotland, HITRANS and ZetTrans. A strategic blueprint should be developed with island communities, councils, national health service boards and Highlands and Islands Enterprise. It should define the minimum affordable connectivity standard, examine how PSO rules and guidance can deliver it, and compare bundled procurement with a public operator and other credible models on whole-system cost and service-quality standards. That view has come from various discussions at HITRANS board level.

Lloyd Melville: Does anyone else have a view?

Martin Joyce: As I mentioned earlier, I attended last week's public service reform summit, at which Ivan McKee delivered a keynote speech. Given the intention to look at all the agencies in question as part of the wider public service reform agenda to declutter a complex landscape, there is a clear emerging opportunity to review all the things that we have talked about today and to consider a whole-system approach to travel and transportation as part of the wider PSR agenda. We should seize that opportunity.

Lloyd Melville: I see that Laura Cromarty has her hand up as well.

11:00

Laura Cromarty: The islands connectivity plan probably should have outlined all the modes of transport and transport links that connect our islands, but, unfortunately, it concentrated on mainland Scotland's connectivity to our islands rather than interisland connectivity, and it focused only on the services under ministerial control. For example, it did not outline the interisland ferry services that we operate, or aviation services.

We need to have a document that considers all our lifeline ferry connectivity, no matter who is responsible for it. If something is funded by the Scottish Government, it should be part of that. Unfortunately, our comments on the plan were not followed through. We had asked that all lifeline ferry services and air services feature in the

document, no matter who had direct responsibility for them.

Lloyd Melville: A theme that has emerged from much of our engagement is that significant pieces of the strategy are missing. Perhaps the committee will pursue that.

Lucy Mulvagh has her hand up.

Lucy Mulvagh: On a future model, we at DES are not travel or transport experts. However, I repeat the point that, if that future model were to take an equality and rights-first approach, that would help to tackle the piecemeal approach that we see at the moment. Mainstreaming and embedding equality and human rights from the very beginning would enable a more joined-up approach to be taken and separate elements to be brought together in a framework based on participation, membership, accessibility, reliability, affordability and so on.

The only other issue that I want to flag to the committee is the fact that the refresh of the accessible travel framework will be coming up in early 2027. That could be another lens through which the committee might want to explore issues not just around aviation, but around the other lifeline services, as Laura referred to them, that help to support disabled communities across the country.

Lloyd Melville: Thank you. I will bring in Paul James to offer his reflections.

Paul James: I have more of a question than a reflection. Who has overall strategic control of the transport strategy across Scotland and the islands? I am hearing quite a lot of talk that one group is responsible for this and another is responsible for that. There does not seem to be any strategic control.

At the other end of that spectrum, users, whether they are individuals, disabled people, businesses or organisations, all need to have a seat and a voice at the table. The need to hear the voices of users is a strong argument for ensuring that they have representation on every body.

Lloyd Melville: Thank you. I have no further questions.

The Convener: I will draw the session to a conclusion. Thank you very much for giving us your time this morning. I really appreciate you putting across your messages so strongly. What struck me the most was the point about the need for accessibility, the implications of which go wider than just travel. Members have certainly noted that.

I suspend the meeting to allow for a changeover of witnesses.

11:04

Meeting suspended.

11:09

On resuming—

The Convener: I welcome our third and final panel of witnesses. From Transport Scotland, we are joined by Alison Irvine, chief executive, and Stuart Strachan, head of aviation. From Highlands and Islands Airports Ltd, we are joined by Paul Kelsall, chief executive, and Darren MacLeod, chief operating officer.

I want to start by talking about the meeting—or summit—that was held last week, or the week before, about the future of Highlands and Islands flights, with a particular focus on flights from Inverness to the islands. Alison, perhaps you can tell us what the outcome of the meeting was.

Alison Irvine (Transport Scotland): I can kick off, but I will probably bring Stuart Strachan in to provide a wee bit more colour. The aviation round table, which took place last week, on 29 September, was jointly hosted by Transport Scotland and the regional transport partnerships up in that part of the world. We discussed how we can work collaboratively to ensure that Highlands and Islands communities, and air services in particular, can be put on a sustainable footing. It provided us with an opportunity to hear directly from airlines, airports, the NHS, local authorities, public bodies and the third sector on the issues that they are facing, many of which you heard about in your evidence sessions today. Indeed, some of you will live through those experiences.

We will prepare a note on the discussion, which will be shared in due course, so we are not yet able to say, “This is exactly what was discussed, and this is what we are doing.” I know that that is not necessarily what you want to hear, but I want to manage expectations in that regard. I will bring Stuart in to talk in more detail about the key themes.

The Convener: First, I am conscious of time, because the arrangement lasts until March and it is now October, so if we do not get a new model sorted soon—particularly for flights from Inverness to Stornoway and the islands—people will be worrying whether their flights are going to happen. When are we going to get the new model for Inverness flights? When is that going to be resolved?

Alison Irvine: My expectation is that the specific issue with Inverness flights that we talked about will be wrapped up as part of our budget discussions, which are ongoing. When it comes to a new model, to use your language, it is a wee bit more complicated, which is something that we will

probably explore as we discuss the various challenges that we face.

The Convener: I am keen to hear from Stuart Strachan, but, first, on the basis of what you have said, if the issue is finance rather than structure, it sounds as though we are going to have a repeat of the current interim subsidy of £1 million or so, and we should know by December. Is that what you are indicating?

Alison Irvine: I do not want to be completely pedantic, but what has been provided is not a subsidy.

The Convener: Yes, I know that.

Alison Irvine: We were able to provide additional resources to HIAL, which did a commercial deal with Loganair to sustain those flights. That was the fastest way that we were able to reach a solution for the island communities.

The Convener: It sounds as though you are going repeat that and that we will know that in December, at the time of the budget.

Alison Irvine: I would not like to commit one way or the other at this point, but that will be part of the things in the mix during the budget discussions.

The Convener: Right, Stuart, this is your moment. Tell us everything.

Stuart Strachan (Transport Scotland): Thank you for inviting me to the meeting. If we are still talking about the new model, realistically, we need to separate the specific Inverness issues from the broader regional aviation model for Scotland. There are a few reasons for that. Obviously, time is of the essence. When one considers the broader framework in which we operate, the typical timeframe for the procurement process for PSOs and so on, even if we were in a position to start doing that sort of thing, would likely rule it out for the Inverness flights. As Alison Irvine has said, we would be into that process for Inverness.

11:15

I know that you understand the point about subsidies and that, within that process, it would be for HIAL colleagues to have the commercial negotiations and to satisfy themselves that the subsidy control provisions are met. If the commercial negotiations are successful and the budget process requires there to be additional conversations with us, they would happen at that point.

The Convener: You do not want to have to come back to this every year, where a crisis develops, a route is going to be cancelled and, in a convoluted manner through HIAL, you have to

step in and do something. You want to have a much more solid relationship so that it is a bit more predictable for costs as well as for the reliability of routes. If I could return to timing, when do you think that it would be possible to have a new model for a whole service across lifeline routes in place?

Alison Irvine: I will go back to your original question about the discussion at the round table, which Stuart Strachan can fill you in on. We can talk about the journey that we need to be on.

The Convener: I am interested in the timing. I get all that, but we could be talking about this for years. We do not want to have constant repeated crises annually because we do not have a new model in place.

Stuart Strachan: I will add to what Alison Irvine has said about the event. As Simon McNamara said earlier, it was genuinely collaborative and we are grateful to everyone for the constructive conversations that we had. The note will provide you with more detail about what was discussed. I know that the Cabinet Secretary for Transport has committed to briefing the committee on 28 October. Lifeline connectivity was a strong theme. It means very different things to different people and we want to have more objective criteria. Some of the other issues that came up were primarily about cost. There was a lot of constructive engagement about what drives demand and what drives supply in relation to the cost elements, and we moved towards having a good shared understanding of that.

The Convener: Do you think that the Government and Transport Scotland have an appetite for greater control across the range of flights, not just the ones that are vulnerable? Do you think that we might look at a comprehensive bundling arrangement, rather than leaving it to the companies to operate profitable routes and the Government to pick up the rest of them? Is there more of an appetite for greater control?

Alison Irvine: It is incumbent on us to maximise the use of the tools that are available to us. From that perspective, I would say that we have a strong base with the work that HIAL does, the regional airports that the Government owns and our long-standing PSO schemes. The costs of the PSO schemes that we are responsible for have increased. The second panel of witnesses spoke about some of the intricacies of the PSO schemes. Whether there is an appetite for control is a matter for ministers—

The Convener: You could give us a bit of an indication as to where it is going.

Alison Irvine: It is for ministers to take a view on that. We see that in other transport sectors. In 2022, ScotRail was brought into public ownership

because of, in effect, a failure in the market. We also brought in legislation for buses in that regard. However, in the aviation space, we are at the nexus point between many aspects of reserved powers. We largely have services that operate in a commercial space. We have specialist operators—I am pretty sure that Loganair representatives are sitting behind me right now—who are experts in providing that level of service in a way that the public sector is not able to do. It is not as simple as asking whether there is an appetite for control and what the general direction is.

I recognise that we are seeing more crises, to use your term, than are welcome—to understate the point. Does the current system work for us? No, I do not think that it does. Are there many good things about the current system? Yes, there are, but is control and all that comes with that the ultimate answer? I do not know yet. I do not think so, and it is far too early for us to say.

The Convener: Do you have oversight on issues such as fuel surcharges? You will have seen the reports in recent days that, given the hedging of fuel costs, there was a £2.1 million surplus from the surcharges for passengers. Do you have oversight on any of that?

Alison Irvine: By “oversight”, do you mean the levers?

The Convener: Do you investigate? Do you challenge?

Alison Irvine: The answer to that is no, because it is not within the realms in which we can act, unless Stuart Strachan wants to correct me on that point.

Stuart Strachan: No, that is fine.

Alison Irvine: The aviation sector has seen around a 115 per cent increase in fuel costs over the past 12 months. That is significant and it has an impact not just on Loganair but on other commercial and international airlines.

I have to let the commercial sector play its role and act in a way that protects its business, because if we do not have a healthy sector—in this case, the aviation sector—there could ultimately be a crisis. I am pretty sure that you took the opportunity to speak to Loganair on its fuel surcharging.

The Convener: Yes, we did.

There must be anxiety in Transport Scotland that you are spending all this money—millions of pounds—on ADS and through HIAL and other arrangements, and that the public are concerned that Loganair, in particular, is socialising the losses and privatising the profits. There must be concern about all that. Is that something that would

encourage you to act in a more interventionist fashion?

Alison Irvine: We have levers around the PSO routes that we oversee and the air discount scheme. The commercial setting of the fare rests with the operator, so in the main, in the Highlands and Islands, that rests with Loganair.

Donald MacKinnon: I will pick up on the point about using ADS as a lever. We talked about ADS in our discussions with Loganair and the representatives from communities. ADS is supposed to make air travel more affordable for islanders, but I am more interested in the wider impact of timetabling on the services that are available, as we heard from the community groups. ADS provides islanders with a subsidy on ticket prices, but we have no control over what Loganair charges for its tickets and there is no obligation in relation to the service that it delivers, so ADS is a pretty weak lever. Could that tool be used in a more effective way to deal with the other issues that stakeholders have identified?

Alison Irvine: Stuart Strachan will probably be able to describe ADS and the levers that exist more eloquently than I can.

Stuart Strachan: I agree with some of your contentions. You are right that ADS is relatively simple. There are advantages to that, because it is relatively easy to understand how it is delivered. You heard a bit about how it is administered from Ronnie Matheson from Loganair.

In relation to introducing additional levers through ADS, we are committed to a review, and the Cabinet Secretary for Economy, Tourism and Transport has made it clear that we are open to considering ideas about how ADS could be used to address the broader picture through the levers that Alison Irvine specified. There are potential options, but some of them might introduce complexity into how the scheme is understood and administered. We would need to consider such issues in the review of ADS, because, as the convener articulated, we want to look at things in the round.

Alison Irvine: ADS is well used. There are 84,000 registered users out of 115,000 who would be eligible. That, in itself, tells a tale. For the purposes for which the scheme was designed, it is doing a good job for our island communities. I want to be clear on that.

Donald MacKinnon: Absolutely. ADS does a job in making air fares slightly more affordable for island residents. The contention is whether it goes far enough. I am more interested in the other outcomes from the scheme.

Laura Cromarty from Orkney Islands Council talked about issues relating to timetabling and the

service that is available. She made the point—I am paraphrasing—that timetabling has an impact on the patronage on routes, because the flight timetable might not allow her to, in a day, attend a meeting with Transport Scotland in Edinburgh, for example, so she might choose not to fly. The same applies to businesses and island residents. If the timetable does not suit what you are looking to achieve, you might choose other options, whether that is ferry travel or not travelling at all. Transport Scotland and the Government could have an input on timetabling, and ensuring that what is available to islanders meets their needs must surely be at the top of the list of things that you consider when reviewing how the system operates.

11:30

Alison Irvine: I think that there are parallels with some of the challenges that we face in our bus sector, in that ADS, which has been designed as a benefit—that is not quite the right word—for the passenger, is only any good if flights that suit their purposes are available, in the same way that the concessionary travel scheme can be used by people only if there is a bus available for them to use. The issues are similar. In future, choices will need to be made about which aspects of our transport networks and services we want to invest in, because that comes with a monetary value attached to it.

Loganair will probably be better able to describe the complexities of working out where to locate its crew and its aircraft, and how to get the best use out of both to keep costs as low as possible. Loganair will make such decisions as part and parcel of its decision-making process. It is in Loganair's interests, as much as anyone's, to get more people using the planes, because the more people use them, the more revenue will be generated, and so on. It is a shared endeavour, and Loganair will be best able to make judgments on how to keep down overall costs.

Donald MacKinnon: When the committee heard from Paul Kelsall earlier this year as part of our evidence session on the Inverness flights situation, communication between HIAL and Transport Scotland about that crisis was an issue of concern that we picked up on. Have you reflected further on what happened then? Have any lessons been learned to ensure that such a situation does not arise again and that such matters are resolved quickly?

That question is for Paul Kelsall in the first instance.

Paul Kelsall (Highlands and Islands Airports Ltd): Good morning. We have gone through the process of what happened earlier on this year. As I mentioned at the time, commercial negotiations

were ongoing throughout that period. We eventually reached the point at which we could go to our sponsor unit and say, "This is where we are. This is what we need, but it's outwith our budget, so this is what we need to do next." That was quickly communicated to Stuart Strachan at Transport Scotland, and we proceeded from there.

Donald MacKinnon: Do our witnesses from Transport Scotland have any reflections to offer?

Alison Irvine: From my perspective, it was right that HIAL managed those commercial discussions. That was the right way for those conversations to proceed. There were a number of actors in the scene, and the commercial discussions continued until Loganair made a decision, as has been covered.

Donald MacKinnon: Are you saying that things could not have been done any differently?

Alison Irvine: Stuart Strachan might be able to offer some more reflections on that.

Stuart Strachan: When the committee previously discussed the issue, concern was expressed about the cabinet secretary's involvement. As Alison Irvine has said, our position at the time, which was shared by the cabinet secretary, was that it was right for Loganair and HIAL to engage in the commercial conversations, so that there was appropriate separation between HIAL and Transport Scotland, as you would expect there to be. However, throughout that process, there was considerable engagement and updates were provided to the cabinet secretary, although he was not involved. We are always open to reflecting on whether we can do things better.

Donald MacKinnon: But there are no lessons that you can identify that have been learned from what happened. That was always what was going to happen, and the process simply followed its course.

Stuart Strachan: The scenario of commercial negotiations taking place is a key point. The cabinet secretary was allowing the negotiations to continue because, within the context of subsidy control, it was important that the negotiations would reach a truly commercial position and result in a situation in which, ultimately, there was a saving to the public purse.

Donald MacKinnon: I find it hard to understand why we must simply accept that a situation that had been known about for such a prolonged period could come as a surprise to Transport Scotland and the Government, resulting in the service being removed for a time. Had action been taken earlier, maybe islanders would not have been without flights over the summer. I totally understand that Loganair makes that decision, not those who are in front of us, but that is a frustration. I think that

you can understand why I am frustrated and why islanders would be frustrated about that.

I am happy to leave that there, unless you wish to add anything.

Alison Irvine: I share your frustration. However, I would contest the suggestion that the surprise was down to a lack of conversations between HIAL and Transport Scotland.

Donald MacKinnon: Okay. Understood.

I have no further questions, convener.

Graham Simpson: Was Stephen Flynn at the round-table discussion?

Stuart Strachan: The cabinet secretary joined for the conclusions section of the discussion via Microsoft Teams. He was engaged in parliamentary business that afternoon.

Graham Simpson: He was not at the meeting; he just joined by Teams right at the end.

Stuart Strachan: The cabinet secretary made clear that he was keen to hear some of the reflections from the event.

Graham Simpson: I think that the event was his idea. Is that correct?

Alison Irvine: I cannot recall

Graham Simpson: You cannot recall.

Stuart Strachan: The cabinet secretary was very keen for the event to happen. We recognise that there was a strong need for a round-table discussion as a result of the events at Inverness, but I think that it had been planned, or at least had been in the very early stages of development, a little bit before that.

Graham Simpson: A little bit. I actually think that it stemmed from the meeting of this committee. I will take the credit. I think that this committee will take the credit for action happening.

Before the event, did Mr Flynn say what he wanted to get out of it and where he wants the process to end?

Alison Irvine: As you will know, the role of officials is to provide advice to ministers on matters of policy. Mr Flynn has already made a commitment that the matter will be reviewed, which is why we are looking at all these things in the round.

It is up to us as officials to take all the evidence that we hear, the information that we get and the views that we seek, and provide advice to ministers on the options that are available to them. Mr Flynn has been quite clear that he wants to hear all thoughts and ideas as part and parcel of that process, and that is the approach that I would expect a cabinet secretary to take.

Graham Simpson: I fully understand your respective roles.

Alison Irvine: Sorry, I did not mean to—

Graham Simpson: No, no. You have had this one round-table discussion. I want to know what happens next. Will there be further meetings? Will recommendations be made at the end of the process? Has the cabinet secretary given some kind of steer?

Alison Irvine: An MSP session is planned for 28 October. That is the next part of the work.

Once we have received the findings from the round-table discussion and the further meeting with MSPs, that will give us a strong basis on which to set out what we think the next steps should or could be.

Graham Simpson: Some MSPs will be invited to, I hope, an in-person meeting. Is that right?

Alison Irvine: Stuart, are you able to provide the details?

Stuart Strachan: I think that the invitations have been issued. The general commitment was to invite island MSPs and, I believe, some members of the Transport Committee. Sorry, but I would need to double-check that.

Graham Simpson: I do not think I have been invited, but perhaps I could be.

Stuart Strachan: I am very happy to follow that up.

Graham Simpson: Very good. *[Laughter.]* I would be very happy to make time for that.

I am trying to understand where things will end up. Will we end up with a series of recommendations under which we either remain as we are, with the same system as now, or move to something else?

Alison Irvine: We recognise that there are acute issues with the way in which regional air services are operating in Scotland. From my perspective, I do not think that the status quo can remain. However, it is genuinely too early to say how we go about improving that.

Graham Simpson: I agree that the status quo cannot remain. We need to do things differently, and we have heard why—we have heard the evidence on air fares, timetables and so on. However, there must be a process. You have had one round-table discussion and there will be a meeting with some MSPs—including me, I hope—but what will happen after that?

Alison Irvine: I am not trying to be awkward or secretive, but I genuinely think that we need to consider what has come from the round-table discussion. We need to hear from MSPs. We need

to continue our dialogue with HIAL, Loganair and the regional transport partnerships, and come forward with a set of proposals.

I also like process, so we are in the same place. We will keep you updated as that work progresses.

Graham Simpson: I think that the convener asked this earlier, but I will ask it again: is there a timetable for the conclusion of the work?

Alison Irvine: I cannot give you a timetable at this point.

Graham Simpson: It could take quite some time, could it not? Yes, is the answer to that.

Alison Irvine: It could also be a proportionate approach. Again, we need to look at the mechanisms that are available to us, and the system in which we have to operate, because we do not control all the levers. We need to look at what is possible to get us to a point where we are on a more sustainable footing.

Graham Simpson: Alison, have you looked at the other models that have been referred to already today and during the members' business debate last week?

Alison Irvine: I am aware of them at a relatively high level. If you are talking about the way in which other parts of Europe, particularly Norway, operate, I am aware of that at a high level. That model could be used.

Graham Simpson: Stuart, this is your job, so you must have looked at this in some detail.

Stuart Strachan: I have. I have looked at some other models across Europe.

Norway was mentioned. There are some lessons to be drawn from the Norwegian model. First, as I think the committee is aware, there is a cost associated with the scale of its delivery. Simon McNamara mentioned a figure of £180 million earlier. The cost is actually 2.5 billion kroner, which is around £200 million. Those costs have increased by about 2.6 per cent in the past three years, which, in part, is to do with the halving of fares. That is a material factor in the Norwegian model that, as officials, we need to consider when providing advice to ministers.

Secondly, the framework that the Norwegians use contains a lot of detail in the specifications for the service. That is certainly something from which we are prepared to draw lessons.

However, it is quite important to note that this takes place in the context of a reserved policy area. The Department for Transport will issue guidance on PSOs. We are not responsible for that guidance, but we are engaging with the DFT through our networks on its planned work to revise the PSO framework. We were keen to engage in

those conversations, and the cabinet secretary was also keen that we do so. As it exists, the framework arguably does not reflect the relatively unique circumstances that exist in Scotland. It is probably more pointed towards borderline commercial provision with regard to thin routes down the UK, if you see what I mean, as opposed to the unique circumstances in Scotland.

11:45

The other key lesson from the framework relates to the inclusion of more social or wellbeing elements, as well as access to essential services. I think that I am right in saying that, although there is understandably a lot of reference in the DFT guidance to economic development issues—article 16(3) of the relevant regulation talks about the proportionality between PSOs and economic development—there is not really reference in the DFT framework to health, education and family. Those are the words that are consistently used in the debate on this issue—indeed, they were used in the debate that we heard in the Parliament last week, for understandable reasons.

There is another thing that we need to consider with regard to the role of the Government. There has been movement in the level of provision within Norway, which was welcome and which came through the political process. However, when the standards that exist are moved from a base point to a higher point, a new minimum standard is effectively created. That will have implications for the Government going forward in relation to cost and the resource that is required to manage those issues.

The Norwegian model is very interesting, and we are keen to learn from it. Good things are also being done in Sweden, Greece and Corsica, where there is not quite the same level of detail in the regulatory framework. This is really interesting stuff, and it interests me from a policy perspective, but I recognise that that is not the priority here; the priority is delivering services for communities.

Graham Simpson: It interests us as well, and we will also be looking at the topic in some detail. Thank you for that answer—it was really useful. On reflection, we have not discussed the DFT, but we perhaps ought to at some point.

Thank you for your indulgence, convener.

The Convener: That was a very helpful analysis—we are interested in hearing that level of detail. Perhaps we could arrange a private briefing at another point so that we can get into a bit more detail on some of the other models that you have looked at, because we need to get our heads around them.

Lloyd Melville: It would perhaps also be useful for the committee to take evidence from some folk in those countries about how exactly they manage their models.

I will move on to questions about the fleet and infrastructure. In the previous evidence session, it came out that HIAL currently operates two Twin Otters. Is that right, Paul Kelsall?

Paul Kelsall: No, we own two Twin Otters. They are leased to and operated by Loganair.

Lloyd Melville: Lovely. The northern isles ferries are owned by the Government and operated by Serco under a contract. That strikes me as a model that needs to be part of these discussions. Does that need to be on the table as we look ahead? I will come to you, Alison.

Alison Irvine: It goes back to some of the things that I said earlier about the specialist nature of the aviation sector and the ability of airlines to operate specific fleets. We provided the grant funding for HIAL to own those Twin Otter planes, although I cannot recall the reasoning behind that—I think that it is to do with the relatively specialist nature of the landing strips, particularly in Barra.

There are different solutions for different parts of the problem. I would not want to rule anything in or out but, equally, there are parts of the system where I would expect commercial operators to do a much better job than the Government could. I can see that the likes of Loganair are much better suited to looking after a fleet of aircraft and using it to best effect than we are.

Lloyd Melville: Of course, that is maintenance.

Alison Irvine: It is a solution.

Lloyd Melville: Yes. It is more about the principle, which goes back to something that the convener said about control and intervention. If it is entirely left to the market, we will not see the kind of outcomes that people are looking for.

I want to reflect on one of the points that you made about associated cost. Sometimes, good outcomes are worth paying for, and we need to bear that in mind in these discussions. One of the key points links back to something that Mr Simpson said about the outcome of these discussions. Councillor Robertson said that a strategic blueprint is needed going forward. I echo that, and I very much hope that that is what comes out of the discussions that you are having.

On your reporting back, you said that you will keep us up to date. How can we, as members of the Transport Committee, feed into that process?

Alison Irvine: Sessions such as the one that you have held today are helpful in that regard, although I am not clear—apologies—on what you

intend to do as a result of this evidence session. I know that you will no doubt write reports on various aspects of the committee's work, but if that is something that you are thinking about doing, we would certainly welcome that as part of the mix of what we are doing.

Lloyd Melville: It is important that we are able to reflect all the evidence that we have heard in terms of how Transport Scotland feeds that forward.

Zen Ghani: I want to focus on the community side of things. The previous panel consisted of representatives of community councils, local authorities and so on. Many of the witnesses expressed concerns that their issues around reductions in timetabled air services are simply recorded as a box-ticking exercise rather than there being meaningful engagement that has an impact on decision making. When local authorities and community representatives raise concerns about such reductions, what mechanism is there to ensure that they are acted on and not simply recorded?

Paul Kelsall: There is a feedback loop into HIAL. We hold a local authority engagement session every four to six weeks with many stakeholders and colleagues from various councils, the NHS and other organisations that are in our patch.

We can feed that back directly to Loganair, or we can feed it through to the relevant stakeholder, but it is primarily for Loganair, or whoever the operator is, to answer concerns on scheduling. There are many potential nuances to an aircraft coming in and another one meeting it. There are schedule changes and potential issues with crewing, so it is a question for Loganair, or the operators, to address in order to work out what is best for the communities that they serve.

Zen Ghani: Do you feel that they take on board your concerns and your feedback?

Paul Kelsall: Yes. We have a positive relationship. Darren MacLeod holds a monthly operational meeting with Loganair, and further into the organisation weekly meetings take place, so there is a lot of interface between us and Loganair from an operational perspective.

Alison Irvine: I was struck by the messages that came through in your previous discussion. In relation to the comparison with the engagement on ferry services, we can take away those points and consider how we use the current levers in the system to best effect in order to improve the situation. I hope that that answer helps.

Zen Ghani: That is encouraging to hear.

Paul Kelsall, the work that you do is vital for the communities in the Highlands and Islands, but there is growing concern about the lack of local representation on the HIAL board. How can you justify having no representation on your board from communities that are directly affected by HIAL's decisions and those of other operators?

Paul Kelsall: Appointments to the board are outside of my remit. They are made primarily through Transport Scotland, so it is for my colleagues to answer that question.

For all our airports, our teams work within the communities that we serve. That pushes our commitment into those communities. Our local teams are very much ingrained in the DNA of their communities.

Zen Ghani: I take on board the point about your work in communities, but no one directly from those communities is at the decision-making table, which is quite concerning. I will direct the same question to Alison Irvine.

Alison Irvine: Yes, it is probably better for us to answer that question. Ministers are clear that they value island representation on our ferries boards and would value it on HIAL's board. Stuart Strachan was involved in the latest round of recruitment to the boards, so he will be able to talk about that in more detail. Quite a lot of emphasis was put on local representation as part and parcel of that process. We need the boards to fulfil quite serious commitments on the running of what is a highly regulated sector, so we always look for a broad range of skills. The skill sets that we look for depend on the wider mix of the board. Stuart Strachan might want to add some colour to my answer.

Stuart Strachan: We work with members of our public appointments team on the advertising process and draw on their experience. I have a few reflections. We were keen to ensure that the opportunities were advertised extensively across the Highlands and Islands. There was a significant amount of outreach to networks to ensure that as many interested candidates as possible came forward. Our considerations relating to lived experience were directly addressed as part of that process. Ministers and officials are very alive to the points that have been raised in relation to lived experience, and we will consider them as we move forward.

Zen Ghani: Are there any plans to have someone who lives in the area on the board in the future?

Alison Irvine: Ministers have been clear that they want that representation on the board. That consideration continues to be front and centre of the board recruitment process, alongside all the

other skill sets that we need on a board that is running a complex company.

The Convener: It is difficult to believe that, in numerous rounds of appointments to HIAL's board over many years, there has been nobody on any of the islands who has been up to the job. Why have you not been successful in finding at least one person from the islands who could fulfil that role?

Alison Irvine: It is not just a case of someone being up to the role—

The Convener: Why have you not found somebody, then?

Alison Irvine: It is also about whether people want to do the job.

The Convener: The same point applies. I cannot believe that the islands are unique in having an absence of that talent or of people willing to do the job. Earlier, we heard of people who are keen and have been making these points for years. Why have you been unsuccessful?

12:00

Alison Irvine: The roles are advertised as widely as they can be, and the public appointments process is gone through. We are clear in setting out our expectations regarding what we need from a particular board recruitment process. We put appropriate emphasis on community voice and community membership, but we have been unsuccessful.

We have similar challenges in relation to ferries. We have island representation on the CalMac board, but we do not yet have such representation on the CMAL board.

We are thinking about our advertising campaign. How visible are the roles to the communities? Could we make it more obvious that such opportunities exist? Are the criteria that we use too stretching for people? Are there members of island communities who would benefit from a mentoring and training programme to get them board ready, so to speak? That applies across the Government; it is not specific to people on islands. All those things are in play and are considered by Stuart Strachan and the team.

The Convener: At the end of the day, results are what matter.

Alison Irvine: Indeed.

The Convener: We can talk about the process for as long as we like, but we need to find people. I hope that, after the next recruitment round, at least somebody from the islands will be on HIAL's board, so that we do not have to ask these questions again.

Alison Irvine: We hope so, too.

The Convener: But it has been going on for years.

We will move to questions from Collette Stevenson.

Collette Stevenson: We heard from the previous witnesses how challenging the accessibility issues have been. The committee and passengers want successful journeys—that is what we want the outcome to be. That cannot be supported only through a consideration of passenger numbers on the flights that operate. It is also about whether the figures back up those outcomes in relation to whether there are failures to provide assistance to disabled residents and folk who rely on the lifeline services, whether passengers are unable to travel and whether healthcare trips are disrupted.

How does Transport Scotland assess whether publicly supported air services are usable by disabled passengers? What accessibility requirements are specified and monitored in your PSO contracts?

Alison Irvine: It is to our shame that parts of our transport system are not accessible. I do not underestimate the challenges associated with the physical and financial barriers in the system. I am sure that you will have heard of the work of the mobility and access committee, which acts as the voice across a range of transport modes and provides us with appropriate challenge and scrutiny in relation to improving accessibility. That is front and centre of a lot of our work across the transport modes.

Stuart Strachan might be able to address the specific point about PSO contracts.

Stuart Strachan: The rules on accessibility in aviation are reserved. The issue relates not only to PSO flights but to airports, so it might be useful for Darren MacLeod or Paul Kelsall to talk about the work that HIAL has done on accessibility.

Collette Stevenson: I have a question for them on that issue, but I am looking for a commitment from Transport Scotland that it will, if possible, co-ordinate and publish a route-by-route accessibility assessment, given what we have heard today. Would you be able to provide that?

Alison Irvine: We could take that away and have a bit of a think about how we might do that and what it might mean, so to speak, bearing in mind that many of the accessibility aspects of aviation are reserved.

Stuart Strachan: Decisions about PSOs are for ministers, but we would be happy to look at the specifications and frameworks for the PSOs that are controlled by the Scottish Government. As

Alison Irvine said, perhaps we could come back to the committee about what the rules are.

Collette Stevenson: Do all HIAL's airports have the equipment and trained staff to assist passengers to board aircraft? Are there any gaps or challenges with accessibility?

Paul Kelsall: That is a good question. Before I hand over to Darren MacLeod to give you a bit more of an overview, I note that the management of passengers with restricted mobility is a regulated activity. We are audited on that by the Civil Aviation Authority and we also have internal audits.

Darren MacLeod (Highlands and Islands Airports Ltd): Good afternoon. We invest heavily in our equipment and in training our people to get passengers with reduced mobility on to aircraft. A third-party company looks at the user journey through our airports to ensure that they are as accessible as possible. In some of our airports, we have invested in specialist rest areas or quiet rooms for people who are travelling. Most people recognise that there are limitations with the aircraft equipment. As you can imagine, it is difficult to get people on and off a Twin Otter. We have a lot of equipment that can do that, but the size of the aircraft tends to be the limiting factor.

Lloyd Melville: I want to return to a subject that I touched on with Loganair, which is the situation with Dundee airport. The airport is owned by Dundee City Council, and an active PSO was in place that Loganair has exited from. What is Transport Scotland's role in discussions to secure the viability of that route?

Stuart Strachan: Currently, the PSO is for Dundee City Council, and Transport Scotland and the DFT are funding contributors. The council is preparing a business case for the PSO that will come in once that one stops. We are actively engaged with the council on that with regard to our expectations for what that business case might contain. Should the business case ask for funding from the Scottish Government, that would be a decision for ministers.

Lloyd Melville: Do you have any idea when that business case is likely to come forward?

Stuart Strachan: I know that Dundee City Council is working on it with a degree of urgency. I could not tell you exactly when it will submit the business case to us, although we would like to receive it as soon as possible. PSO specifications and business cases can be quite tricky, so you should not infer that I am making any criticism of the council's work. We are happy to engage with it if it has any questions.

Lloyd Melville: I am glad to hear that there is a commitment, because Transport Scotland has

invested rather a lot of money—£2 million-odd in the past three years, according to the figures that I have—in the PSO. There has to be a commitment from the Government that it will work collaboratively with Dundee City Council to secure the viability of the airport, because it is hugely important, especially for businesses' ability to get to and from Dundee.

We heard from Loganair that it will remove its crew base. I specifically asked it to rule out redundancies, but it did not do that. Do you have any views on the danger of redundancies and what might need to be done to protect the crew?

Alison Irvine: Ultimately, how Loganair can best operate its aeroplanes and work with its staff are decisions for it to make.

Lloyd Melville: If active conversations are ongoing, which Transport Scotland is ready to support, might you enter into any agreements with Dundee City Council about conditions relating to the protection of the crew as part of the process, given the amount of funding that you have provided?

Alison Irvine: I am sorry, but I do not know whether I have the power to enter into those kinds of discussions.

Stuart Strachan: It is fair to say that a PSO contract would not necessarily be dependent on a base existing at Dundee airport. I think that I am correct in saying that. There are examples of PSOs running on services without there necessarily being a base.

As Alison Irvine says, the decision about the base is for Loganair. I do not remember whether you had the chance to address that with the company.

The Convener: I will draw matters to a close. I thank the witnesses for giving evidence. We appreciate your views and expertise in the area, as well as your time.

As we have discussed, we will be returning to the issue and we have a scheduled session for 2 December to look at the international perspective on lifeline services. We are particularly keen to receive your notes about the aviation meeting last week, and we would also like to be kept up to date on any developments, particularly regarding the Inverness flights, because time is tight with that, and, in the longer term, regarding the new model for other flights, if it emerges.

That brings us to the end of the evidence session.

12:12

Meeting continued in private until 12:23.

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