



Transport Committee
Wednesday 24 June 2026
2nd Meeting, 2026 (Session 7)

Regional Air Travel

Loganair: Schedule changes July 2026

Introduction

The Committee agreed at its meeting of 17 June 2026 to consider changes to scheduled air services between the Western and Northern Isles and Inverness, operated by Loganair, and due to take effect from 19 July 2026, with a particular focus on the likely impact on island residents.

This short paper provides background information on Loganair, public sector support for air services in the Highlands and Islands, and details of the proposed schedule changes. It ends with suggested lines of questioning for two panels of witnesses, which are:

- **Panel 1:** NHS Western Isles, Highlands and Islands Airports Ltd (HIAL), Comhairle nan Eilean Siar (Western Isles Council) and Shetland Islands Council.
- **Panel 2:** Loganair.

About Loganair

Loganair is a Scottish regional airline, established in 1962, headquartered at Glasgow Airport. During financial year 2024-25, Loganair carried 1.362 million passengers, had a turnover of £253.1 million, and generated pre-tax profits of £11.0 million.

Loganair operates a fleet of 36 aircraft (reported November 2025) of six different types, ranging from the eight seat Britten-Norman Islander to Embraer regional jets. These aircraft serve 35 airports, largely within Scotland and the rest of the UK, with flights also serving destinations in Ireland, Norway and France.

Loganair employed an average of 878 people in the year to 31 March 2025.

Loganair is the sole subsidiary of Airline Investments Limited (AIL). AIL acts as a holding company and the group's trading activities take place within Loganair. AIL is a Private Limited Company owned by brothers Stephen Bond, and Peter Bond (through his ownership of another company – Bonding Holdco Limited).

Public sector support for air services in the Highlands and Islands

The UK Government, Scottish Government, and local authorities support air services in the Highlands and Islands through the following measures.

Highlands and Islands Airports Ltd

Highlands and Islands Airports Limited (HIAL) is responsible for the management and operation of eleven airports - Barra, Benbecula, Campbeltown, Dundee, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree, and Wick John O'Groats.

HIAL is private limited company wholly owned by the Scottish Ministers, which receives financial support from the Scottish Government under section 34 of the Civil Aviation Act 1982. HIAL is sponsored by Transport Scotland's Aviation, Maritime, Freight and Canals Directorate.

HIAL's main activities include:

- Operating airports which meet regulatory standards and support essential transport connectivity.
- Maintaining and developing airport infrastructure and services.
- Working with airlines and other stakeholders to maintain and develop scheduled, charter and freight air services, this can include route development support.
- Developing commercial revenue streams.

The Scottish Government plans to provide HIAL with a revenue grant of £37.1 million and a capital grant of £15.229 million during financial year 2026-27. In [financial year 2024-25](#), HIAL generated commercial revenue of £31.5 million, of which £24.4 million was from charges levied on airlines.

Air Passenger Duty exemption

Passengers travelling on flights departing from airports in the Highlands and Islands area are exempt from Air Passenger Duty. For the purposes of this exemption, the Highlands and Islands includes the following local authority areas:

- Highland, Comhairle nan Eilean Siar, Orkney, Shetland, Argyll and Bute, and the following islands within the North Ayrshire Council jurisdiction - Arran, Great Cumbrae and Little Cumbrae. Similarly, the following parishes within the Moray Council area are also included - Aberlour, Cabrach, Dallas, Dyke, Edinkillie, Forres, Inveravon, Kinloss, Kirkmichael, Knockando, Mortlach, Rafford and Rothes.

Passengers on flights from other parts of the UK landing at airports in the Highlands and Islands are not exempt from Air Passenger Duty.

Public Service Obligations (PSOs)

A PSO is an agreement between the national or local government and an airline to provide a specified level of service on a particular route. In return for providing this service, the operator is typically guaranteed exclusivity on the route and may be paid a subsidy.

The creation of PSOs is limited by retained EU state aid law. Typically, to qualify for designation as an air PSO, a route must meet the following criteria:

- The service must be to a “peripheral region”, a “development region”, or on a “thin route to any regional airport”. Only one of these three requirements must be met.
- The service must be “considered vital for the economic and social development of the region”.
- The imposition of a PSO must be necessary to ensure the “adequate” provision of scheduled air services. In assessing the 'adequacy of provision', the proportionality to the economic development needs of the region, the availability of other forms of transport, airfares and conditions, and the combined effect of all carriers operating or intending to operate on the route must be taken into consideration.

It is worth noting that it is not possible to impose a PSO on a route between two cities or regions on which adequate services are already being operated commercially. More information on PSO's can be found in the UK Department for Transport briefing [Public Service Obligations Guidance on the Protection of Regional Air Connectivity](#). Any decision to support the creation of a new air PSO is a matter for the Scottish Government or relevant local authority.

Comhairle nan Eilean Siar currently supports a Benbecula-Stornoway PSO, operated by Airtask Group (under the name Hebridean Air Services). Orkney Islands Council currently supports six PSO routes, operated by Loganair, linking Kirkwall Airport with Eday, North Ronaldsay, Papa Westray, Sanday, Stronsay, and Westray. Shetland Islands Council supports two PSO routes, operated by Airtask Group, linking Tingwall Airport (near Lerwick) with Foula and Fair Isle.

The Scottish Government currently supports PSOs between Glasgow Airport and Barra, Tiree, and Campbeltown, operated by Loganair.

A [BBC Alba news report](#) of 3 June 2026 about the proposed changes to the Stornoway-Inverness route stated that “Western Isles Council Transport Chair Hugh Robertson...said that Loganair was seeking a PSO order for the services because they needed additional support.”

Air Discount Scheme

The Scottish Government funded [Air Discount Scheme](#) provides residents of Shetland, Orkney, the Western Isles, Islay, Jura, Colonsay, Caithness and north-west Sutherland with a 50% discount on the core air fare on eligible services – mainly flights between Highlands and Islands airports and Aberdeen, Edinburgh,

Glasgow. The “core air fare” is the fare charged by the participating airline, excluding any taxes, fees, charges or surcharges – which do not benefit from the discount.

The Air Discount Scheme does not apply to passengers on PSO flights, business related travel, or NHS funded trips.

The Scottish Government [expects Air Discount Scheme support](#) to be around £15 million in financial year 2026-27.

Island Residents Fares

Residents of Barra, Tiree, Coll, and Vatersay can apply for an [Islands Resident Fares Card](#) that offers capped fares on the PSO routes between Glasgow Airport and Tiree or Barra.

NHS travel

NHS Western Isles, Orkney, and Shetland can book and pay for travel by island residents referred to a mainland hospital for medical treatment, typically in Aberdeen or Inverness. This can cover ferry or air travel. More information on these arrangements is available in a series of patient information booklets, such as the [NHS Western Isles Patient Travel Information Booklet](#).

Proposed Schedule Changes

Loganair currently operate a weekday return service between Stornoway and Inverness in the afternoon/early evening, plus a morning return service that operates several days per week. The airline has proposed the cancellation of the weekday morning services from 19 July 2026, possibly on a temporary basis. Loganair also operates daily return flights between Inverness and Kirkwall (Orkney) and Sumburgh (Shetland). Weekday services are due to be cancelled from 19 July 2026, with services then only available on these routes on Saturdays and Sundays.

A [Stornoway Gazette article dated 3 June 2026](#), quoting a letter from Loganair to the Chief Executive of HIAL, states:

“Loganair has operated these routes at a loss for five years. We have done so in the belief that continued engagement with stakeholders and funding partners would ultimately produce a sustainable framework.

“During that time, we have absorbed significant losses driven by rising fuel costs, maintenance obligations, crew costs and the fixed cost of maintaining aircraft on station in Inverness, costs that do not reduce simply because passenger demand is limited.

“We have appreciated the support HIAL has offered in recent years; however there has always been a considerable gap to profitability that Loganair has had to bridge and we cannot continue to do so”.

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Mr Farajallah [Loganair Chief Executive] goes on to suggest that HIAL have put together a package of support worth £580,000 but that this “falls materially short of the £1.3 million required to maintain the current schedule”.

He therefore intends to move to a “PM schedule” on the Inverness-Stornoway route from Friday 19th July with reduced timetables also applying to Orkney and Shetland. Mr Farajallah says that if “a revised support framework” can be agreed, the full schedules could be restored in the winter timetable “though this is not a commitment”.

Alan Rehfisch, Senior Researcher (Transport and Planning), SPICe

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