

Report to Partnership Meeting 6 February 2026

CONSULTATION

UK Emissions Trading Scheme (ETS): Regional Aviation Connectivity Consultation

SUMMARY

This report advises Members of the response submitted by HITRANS to the UK Government consultation on UK Emissions Trading Scheme (ETS) – Regional Aviation Connectivity, which considers the potential impacts of removing aviation free allocation on domestic air services.

The consultation is of direct relevance to the Highlands and Islands, where aviation is essential for access to healthcare, education, employment, public services and economic activity. HITRANS' response sets out clear evidence that the removal of free allocation risks undermining regional and island connectivity unless appropriate exemptions or mitigation measures are applied.

The full HITRANS consultation response is included as an Appendix to this report.

1. INTRODUCTION

The UK Government is consulting on changes to the UK ETS that would remove free allocation for aviation, with the intention of strengthening decarbonisation incentives within the sector.

While recognising the importance of reducing aviation emissions, HITRANS responded to the consultation to highlight that a uniform application of ETS rules does not adequately reflect the realities of remote, rural and island regions, where air travel is not discretionary but a lifeline service.

The response was submitted on behalf of communities across the Highlands and Islands, where aviation plays a critical role in sustaining social wellbeing, economic resilience and population viability.

2. CONTEXT: AVIATION IN THE HIGHLANDS AND ISLANDS

The Highlands and Islands include some of the most remote communities in the UK. Many island and peripheral mainland areas rely on air services as the only practical means of reaching major centres for healthcare, education, business and government services.

Surface alternatives are often extremely limited. Journeys by ferry, rail or road can involve long travel times, multiple connections, weather dependency and poor resilience. In several cases, alternative public transport journeys exceed the three-hour threshold used in UK Public Service Obligation (PSO) guidance to assess whether surface alternatives are reasonable.

Any increase in the cost of flying, or weakening of route viability, therefore has direct and disproportionate impacts on communities that already face structural transport disadvantage.

3. KEY ISSUES RAISED IN THE HITRANS RESPONSE

The HITRANS response makes clear that the removal of aviation free allocation is expected to have negative impacts on regional connectivity unless mitigated.

Key points raised include:

- Increased operating costs are likely to be passed on to passengers on thin regional routes, resulting in higher fares.
- Even modest fare increases can suppress demand on fragile routes, increasing the risk of reduced frequency or route withdrawal.
- Impacts would fall most heavily on island communities and remote mainland areas with no realistic surface alternatives.
- Reduced connectivity would affect access to healthcare, education, employment and family networks, and would undermine efforts to retain and attract population.
- Local economies, including tourism, aquaculture, energy, life sciences and food production, are particularly dependent on reliable air links.

The response emphasises that these impacts would not be offset by improvements in rail or road connectivity, noting that the Highlands and Islands derive no benefit from major UK rail investments such as HS2 and continue to face slow and deteriorating rail journey times to major centres.

4. HITRANS' POLICY POSITION

HITRANS supports Government intervention to mitigate these impacts and argues that this is necessary, proportionate and consistent with existing transport policy principles.

The response sets out a clear preferred approach:

- Support for Option B in the consultation, providing a simple, future-proof exemption for scheduled passenger flights serving island and remote airports.
- Strong opposition to the use of maximum take-off weight (MTOW) as an eligibility criterion, which would arbitrarily exclude essential lifeline services and constrain future fleet choices.
- Advocacy for a route-based exemption model, reflecting the essential nature of services rather than aircraft characteristics.
- Recommendation that any route where alternative public transport exceeds three hours should automatically qualify for intervention or exemption.

This position is framed as protecting essential connectivity while allowing decarbonisation efforts to focus where alternatives genuinely exist.

5. STRATEGIC SIGNIFICANCE FOR HITRANS

The consultation response reinforces HITRANS' role as a strategic advocate for the Highlands and Islands within UK and Scottish transport policy.

By engaging directly with the UK ETS process, HITRANS has ensured that the specific needs of remote and island communities are clearly articulated at a national level, where policy frameworks are often shaped around metropolitan assumptions.

The response also demonstrates HITRANS' ability to integrate environmental objectives with social and economic realities, advocating for a balanced approach that supports decarbonisation without exacerbating regional inequality.

This work aligns closely with the Regional Transport Strategy and with wider Scottish Government ambitions on inclusive growth, population sustainability and regional resilience.

6. RISK REGISTER

Category	Impact	Comment
RTS Delivery	Positive	Supports RTS objectives by protecting essential regional and island connectivity.
Policy	Positive	Reinforces HITRANS' role as a regional policy voice in national and UK-level consultations.
Financial	Neutral	No direct financial implications for HITRANS; potential cost impacts relate to airlines and passengers.
Equality	Positive	Addresses disproportionate impacts on remote, island and transport-disadvantaged communities.

7. RECOMMENDATION

Members are asked to:

1. Note the response submitted by HITRANS to the UK ETS Regional Aviation Connectivity consultation;
2. Endorse the principles set out in the response, particularly the need to protect essential air connectivity for the Highlands and Islands; and
3. Agree that officers continue to engage with the UK ETS Authority and relevant partners as the policy develops.

Report by: Ranald Robertson
Designation: Partnership Director
Date: 5 January 2026

Appendix - HITRANS Response to the UK ETS Regional Aviation Connectivity Consultation (Full Submission)

HITRANS Response to the UK ETS Regional Aviation Connectivity Consultation

HITRANS is the Regional Transport Partnership for the Highlands and Islands of Scotland. We are responding on behalf of communities spread across a vast and sparsely populated region that includes remote mainland areas and numerous island groups. Air services are essential to ensure access to healthcare, education, business, employment, government services and connectivity to the wider UK and beyond.

The Highlands and Islands contain some of the most remote communities in the UK. Many rely on aviation as the only practical means of reaching major centres for essential services, while surface alternatives often involve extremely long journey times, multiple modes, weather-dependent ferries, or routes that simply do not operate at the frequency or resilience required to support day-to-day life.

Any increase in the cost of flying or weakening of air connectivity has **direct consequences for the wellbeing, population sustainability, and long-term resilience** of this region.

Our responses to the consultation questions are provided below.

1. Do you think there have been or will be any impacts on regional connectivity within the UK as a result of the removal of aviation free allocation?

Yes.

For remote and island communities across the Highlands and Islands, the removal of aviation free allocation will have clear and direct impacts on connectivity.

Air travel is essential, not discretionary, for many critical journeys. Even small fare increases have disproportionate effects in a region where airfares are already high relative to the rest of the UK and where alternative surface journeys — particularly for island communities — can be exceptionally long, weather-dependent or simply impractical.

The removal of free allocation is likely to result in:

- **Reduced affordability**, affecting residents' ability to travel for healthcare, education, business and family reasons.
- **Reduced demand on thin routes**, increasing fragility on vital regional links such as those connecting Inverness with island airports, and connections to Glasgow, Edinburgh and Aberdeen.
- **Increased pressure on local businesses**, including tourism, life sciences, energy, aquaculture and food production, all of which rely heavily on accessible air links for staff, supply chains, customer access and specialist contractors.
- **Risks to population retention and attraction**, as connectivity is a known determinant of economic opportunity and demographic sustainability.

Many island communities — such as Barra, Tiree, Campbeltown, Islay, Lewis, Harris, North Uist, South Uist and Orkney — have **no practical alternative to flying** for many essential journeys. Ferries may be long, weather-affected, and unable to absorb displaced demand.

We therefore expect **meaningful and negative impacts** on regional connectivity unless appropriate mitigation is provided.

2. Is government intervention required to mitigate potential impacts?

Yes.

Government intervention is required because the removal of free allocation will increase the cost of operating air services, and on many thin routes in the Highlands and Islands, these costs will ultimately be passed on to passengers.

Air services in this region are essential for:

- Planned and emergency healthcare
- Specialist medical treatment unavailable locally
- Access to universities and further education
- Business and public sector travel
- Family and community connections
- Tourism and economic development

Surface alternatives are **severely limited**. Unlike other parts of the UK, the Highlands and Islands receive **significantly less support for rail services**, and large parts of the region — particularly the islands — have **no rail access at all**. Even on the mainland, rail and bus travel is often slow, low-frequency and indirect.

It is also important to note that the Highlands and Islands will **derive no benefit from expensive UK rail investment schemes such as HS2**. These projects materially improve connectivity for many parts of the UK, but do nothing to address the longstanding structural disadvantages affecting remote Scottish communities.

Our rail links to London and key regional centres such as **Manchester, Birmingham and Newcastle are extremely slow**, often involving overnight or multi-leg journeys. Even within the Highlands and Islands, internal surface travel times can be prohibitive: for example, **Wick to Inverness takes over four hours**, and rail journeys from **Inverness to Edinburgh and Glasgow average around 3.5 hours** and have been increasing in the last 15 years despite a 2008 commitment by the Scottish Government to a sub 3hour journey time.

These travel times already exceed the **3-hour threshold applied in UK Public Service Obligation (PSO) guidance** for determining whether alternative travel options are sufficient.

We therefore recommend that any route where the alternative public transport journey exceeds 3 hours should automatically qualify for Government intervention or an ETS exemption.

This includes most island routes and many remote mainland routes across the Highlands and Islands.

Given that regional routes cannot increase passenger numbers to absorb additional costs, the only realistic outcomes are:

- **Higher fares, or**
- **Reduced route viability**

Both outcomes would directly undermine access to essential services and economic opportunity for remote communities.

Government intervention is therefore **necessary, proportionate, and aligned with existing PSO principles**.

3. Which policy mechanisms best mitigate these impacts?

A simple and future-proofed exemption model (Option B) is the most effective mechanism.

HITRANS recommends:

Exempting all scheduled passenger flights serving island and remote airports in the Highlands and Islands from ETS charges, with no maximum take-off weight (MTOW) threshold.

This approach:

- Prevents fare increases where air travel is essential
- Is simple to administer
- Protects all relevant routes
- Avoids instability created by MTOW-based criteria

Role of Option C

Direct funding (Option C) should only be required if Option B is implemented too narrowly.

4. Are the qualifying criteria (MTOW and island communities) suitable?

HITRANS supports the focus on island communities but **does not support MTOW as a qualifying criterion**.

Why MTOW is unworkable for the Highlands and Islands

A combined MTOW + island-service test would exclude essential lifeline routes.

For example:

- The **Glasgow–Stornoway** route frequently uses the **22-tonne Embraer 145**, which falls outside the proposed MTOW threshold despite serving an island community with no practical alternative to flying.
- Some **Benbecula** services are also operated by this aircraft type, meaning eligibility could vary day-to-day.

This demonstrates that:

- **MTOW has no correlation with the essential nature of a route**, and
- **Aircraft selection is driven by operational rather than policy considerations.**

Higher MTOW would help, but remains inferior

If MTOW is retained, it must be set at **at least 25 tonnes** to avoid excluding current Western Isles services.

MTOW constraints jeopardise future fleet choices

If operators transition to more efficient aircraft, the logical choice would be the **72-seat ATR72** — a **23-tonne aircraft** that *also* falls outside the proposed criteria.

Under the proposed system:

- Only the **smaller 48-seat ATR42** would qualify
- This would constrain capacity
- And undermine opportunities for fare reduction

The solution

HITRANS recommends:

Preferred option — No MTOW threshold

Any commercial passenger service operating to or from an island community should automatically qualify.

Fallback option — Raise MTOW threshold to a minimum of 25 tonnes

This ensures inclusion of current and future lifeline fleets.

Conclusion

MTOW-based eligibility would **undermine route stability, increase fares, restrict fleet choices and damage regional resilience**. A route-based approach is more appropriate.

5. Other viable criteria?

Yes — **route-based eligibility** is more effective, fair, and aligned with policy intent.

6. Preferred policy option

HITRANS supports Option B, designed to be simple, future-proof and free from MTOW thresholds.

7. View on exempting PSO routes

PSO-only exemptions do **not** protect the bulk of essential connectivity in the Highlands and Islands, which depends on commercial routes.

8. View on combining PSO exemptions with Options B or C

A combined approach may support some regions but **does not remove the fundamental need for a robust, island-focused Option B** for the Highlands and Islands.

9. Other viable options

A **route-based exemption** for all scheduled services connecting island or remote airports with no fixed mainland link remains the simplest and most effective solution.

Conclusion

HITRANS' preferred approach is:

A simple, clear and future-proof exemption (Option B) for all scheduled passenger services serving island and remote airports in the Highlands and Islands, without MTOW thresholds.

This approach:

- Reflects regional realities
- Avoids unnecessary administrative complexity
- Provides the strongest protection for essential connectivity

HITRANS would welcome continued engagement with the UK ETS Authority to refine implementation.