

Business, Energy and Industrial Strategy Committee

Oral evidence: Flight cancellations and compensation, HC 370

Tuesday 14 June 2022

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Members present: Darren Jones (Chair); Tonia Antoniazzi; Richard Fuller; Paul Howell; Mark Jenkinson; Charlotte Nichols; Mark Pawsey; Alexander Stafford.

Transport Committee member also present: Ruth Cadbury.

Questions 22 - 42

Witnesses

[II](#): Oliver Richardson, National Aviation Officer, Unite; Karen Dee, Chief Executive, Airport Operators Association; Jude Winstanley, Chief Executive Officer, Swissport; Danny Brooks, CEO and Founder, Virtual Human Resources Ltd.



Examination of witnesses

Witnesses: Oliver Richardson, Karen Dee, Jude Winstanley and Danny Brooks.

Q22 **Chair:** We move on to the second panel: Oliver Richardson, who is the national officer for civil air transport at Unite the Union; Karen Dee, who is the chief executive of the Airport Operators Association; Jude Winstanley, the managing director for UK and Ireland at Swissport; and Danny Brooks, the founder and CEO of Virtual Human Resources Limited. Good morning to all of you. Thank you for coming.

Karen Dee, I am going to come to you first, to hear the Airport Operators Association's perspective. We have heard in the first panel that most of this is due to labour shortages. Is that right?

Karen Dee: Good morning, everyone. A big part of it is, yes, absolutely. As Simon Calder said to you, the industry was decimated. We have had two years of virtual non-operation. We have had a very good bounce-back, which is very good, but we are highly skilled operatives within the airport community. A very good point Simon made is that, although it is a complex industry with lots of parts, we all rely on each other. There are some things that we do as airports and others as ground handlers and airlines, but all that adds up to what makes aviation work.

Shortages have been a problem. For airport direct staff, we saw probably fewer redundancies. That is partly because, if an airport is open, you have to have your air traffic controllers, the runway maintenance, and so those people were maintained. That is why we had such large losses in airports, because we stayed open and maintained those. There are other parts that are more reliant and dependent on passenger services, like security, for example, within the airport. When you do not have passengers, there is not a role for those people.

Furlough helped, but lots of people did not stay. We could not keep them on. Re-recruiting with what I would describe as very short notice is difficult, because they are very skilled. As you would appreciate in our industry, where safety and security is our top priority, there is increased vetting for those sorts of staff. Shortages have played a particular role in the kinds of queues at security that you saw earlier on. I hope that it is beginning to improve.

Q23 **Chair:** Oliver Richardson, is it as simple as to say, "We sacked a load of people during the pandemic and now we cannot hire them back quickly enough?"

Oliver Richardson: In one sense, yes. In another sense, it is more complex. You heard from the previous witnesses. Simon Calder was saying that if you look at the league tables of which airlines were worst in terms of cancellations and which were better, it almost exactly corresponds with the companies that carried out the most redundancies and the most significant changes in terms and conditions and those that did not.



For example, Ryanair was very clear. We negotiated an agreement with them. The basis of the agreement was no redundancies. It is in a different position from the likes of BA, which went through the fire and rehire. Not only did it lose 10,000 staff through redundancy, but it also radically changed the terms and conditions. It got rid of too many people in a number of instances. The terms and conditions for those remaining were lessened. When it comes to attracting people to the industry, it simply is not as attractive as it was.

There are two other elements that have been critical. One was the lack of sector-specific support, so what the Government did not do. Again, the Transport Select Committee has covered that off.

The other piece is the economics of the industry. The economics of the industry simply do not allow it to scale up to such an extent. The industry is based on the sale of tickets. Once that revenue comes in, that is fine, you can scale up, but you need the revenue in. You do not have the access to liquidity to be able to scale up before that revenue comes in. In a normal operating environment, a 2%, 3% or 4% increase in passengers is fine; you can deal with that. Where you are looking at a 30% or 40% increase in passenger numbers, it is very difficult to get access to the kind of liquidity that you need to be able to bring people into the industry. Those are the three areas that are the problem for the industry at the moment.

Q24 Chair: Danny Brooks, we are going to get all the money in from tickets. We want to hire back everyone we sacked. Do those people exist, or have they gone somewhere else?

Danny Brooks: In a large part, they have gone somewhere else. As a result of Covid, obviously there is a big aviation crisis in regard to skills. A lot of the workers were furloughed. The furlough came to an end in September last year. A lot of the aviation restrictions did not lift until earlier this year, so there is a big disconnect in the period.

The airlines, operators and everyone involved in the aviation supply chain had to protect themselves to survive to fight another day, which resulted in lots of redundancies. BA laid off 10,000 people, easyJet 5,000, I believe, and Swissport a third of its workforce, 20,000. These people have left the industry for good for a number of reasons, such as necessity. They have gone to competitor industries—maybe to things like Amazon warehouses, at the lower-skilled end. In terms of the skilled end, people are becoming heating engineers; they are working in different industries.

It is almost like an alien spaceship has come along and taken several million people out of the aviation supply chain, but that is not the case. They have just gone into different areas and there is a reticence to come back, because of boom-bust cycles, and, with regard to furlough, because of the work-life balance. Aviation working is antisocial hours. People can earn comparative rates of pay elsewhere with less responsibility. If you



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are signing off an aircraft or flying an aircraft, it is a huge responsibility and comes with consequences if you do not do your job properly. If you are working for an organisation that does not have those legal ramifications, you have less stress for similar pay.

Fundamentally, a lot of people have left the industry. Particularly in Covid times, people have looked at retirement and early retirement. We cannot understate the fact that, for two years in the Covid period, little, if any, aviation training went on. Over a 30-year lifecycle of a person working in aviation, that means that we have lost 7% of the workforce already, because they have not been back-filled.

The problems are compounded by the fact that we have Brexit in the mix. As Simon said earlier on, the UK aviation sector has quite a high proportion of migrant workers from Europe. They have either left to work in Amazon or other organisations, or have gone back home and are enjoying working and living back home. They cannot come back now very easily, so it is making it very difficult for them. There are myriad reasons. I have a paper that I could pass around later that I have done some work on, if you want further detail.

Chair: That would be great. Thank you very much.

Q25 Mark Pawsey: I want to follow on from what Danny was saying about the workers who have left the sector. We heard from Simon Calder that about 30% of the workforce in airports and airlines are eastern European. Many of those returned to eastern Europe and have not come back. There is also some evidence of the over-50s having taken early retirement. How big an issue is that, Danny? Is that a large proportion of the labour losses that we have seen?

Danny Brooks: Look at the fact that we have lost at least 7% from people not being trained up, and that number of people have retired. You are then going to look again at early retirement, so you can probably at least double that. Yes, those are the issues. There are also the people leaving the industry for good just because they are fed up with aviation. Every eight or 10 years, there is a boom-bust cycle.

Q26 Mark Pawsey: What can be done to attract those people back into the sector?

Danny Brooks: That is the million-dollar question. Certainly at the lower end of the spectrum, the unskilled or semi-skilled workers—your customer service agents or baggage handlers—are low paid. They are paid at or around the minimum wage. It is driven down because aviation runs on extremely tight margins. Maybe that is not the case at the moment; some of the operators are making bumper profits, I am quite sure. There has always been pressure downwards and it is pushing the cost savings all the way down.

Until the sector, with the baggage handlers at the very bottom, is paid more money, there is very little we can do. It has to pay at a realistic



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wage and, in my opinion, we should be looking at something similar to what happened for the HGV drivers: a temporary relaxation of immigration rules for key aviation skills, whether for the short or medium term. There is little we can do.

It is compounded by the fact that a lot of the HR people were made redundant during this period. The others are being asked to do not just the usual HR recruitment jobs; they have unprecedented levels of recruitment to do, with less staff to do it. It is a high-on impossible task for an airline, operator or people in the supply chain to pull off.

- Q27 **Mark Pawsey:** This Committee did an inquiry into automation and mundane jobs being taken over by machines. Has there been a holding back of investment in taking workers away from jobs? For example, we are now all very used to putting our passports down on a machine that lets us through, whereas previously there was a whole army of people who were sitting around, waiting for us to come through those gates. Are there other tasks within the airports that can be automated, or have we not invested in that because of the uncertainties over the last few years?

Jude Winstanley: Not having a clear view forward does not help with any investment, in aviation or otherwise. There is certainly more that can be automated.

- Q28 **Mark Pawsey:** Can you give us some examples? What could be automated that is not?

Jude Winstanley: If we look at push-back driving, for instance, where you push an aircraft back, usually with a tug and one or two personnel, that can effectively be done with a robot now. Whether you are moving dollies of baggage around the airport or indeed air freight, technology exists that means that it can be done using AI or remotely. It is quite early days. There are a lot of security protocols and a lot of security regulations to get through. Bringing those in is complicated and testing is expensive. There is one direction of travel on those things, and, if we were to step forward five or perhaps 10 years, I think that the airport and the number of people involved in a lot of those activities would look very different. It is just what pace that happens at. Perhaps what is happening this year will drive that forward at a faster pace.

- Q29 **Mark Pawsey:** It is a long-term fix, rather than a short-term fix.

Jude Winstanley: It is not going to save the summer.

Karen Dee: You asked about one of the barriers to recruitment. Certainly from an airports perspective, the lack of certainty about where the industry was going to go and when has been a huge barrier to our recruitment. Many airports tried to start recruiting in the autumn, November-time, and then we found that omicron hit and we were shut down again.



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Recruitment for our staffing levels has improved a lot since February and then since March, because that is when the restrictions were lifted and people could see a future. It is very difficult to recruit someone if they know that there is not very much for them to do. I just wanted to add that point.

On automation, there are lots of things in the future where automation definitely will play a bigger part. One thing I would point out at the moment, though, is that, although we have removed all the restrictions here in the UK, there are still lots of destination countries that require additional checks. The airlines, in particular, are having to do a lot more checking that they perhaps might not have had to do previously.

Some of that, I believe, would mean that you cannot automatically just do a bag drop, because you are having to show additional documentation. It adds to their time, but it also means that it is more difficult and they need to check the requirements of the destination. It is not just a blanket passport check, as it might have been in the past.

Q30 Mark Pawsey: Oliver, do you share Danny's view about those who have left and have gone to work in Amazon warehouses or are training up to be heating engineers because there is a better future in that? How can we encourage more people back?

Oliver Richardson: We could pay them more. It is as simple as that. There is a sense that people have seen a world outside of aviation and thought, "Actually, it is a decent world to be in, compared with what I was doing or compared with what is on offer".

Q31 Mark Pawsey: Is that because of the antisocial hours?

Oliver Richardson: There have always been antisocial hours. People are saying that antisocial hours is a big issue, but we have always had them. If you are remunerated for antisocial hours, you think, "Okay, it is working shift work, it is not particularly social, but there is a cost benefit to it and I think that is worth it because of the benefit I get from the wages".

When wages drop and people look outside of the industry and think, "I can work in a supermarket and I am indoors, not outside on a wet, cold apron at 3 am, trying to find some bags that have gone missing", they start thinking, "Actually, I will work at a supermarket". In some areas, because the pay is sufficiently low, there is a real sense of going somewhere else.

In other parts, we talked about redundancy and the types of people who have left. You have very experienced operational people. Regardless of their skillset, very experienced operational people have left the industry. They were probably more likely to because severance packages were better for people who served many years. They have left and have no desire to come back.



Q32 Mark Pawsey: Can we create that desire to come back with that experienced workforce?

Oliver Richardson: You need to look at the economics of the industry. You simply cannot keep the industry running with third-party providers, effectively hoping for a schedule to come back and hoping that airlines will publish a schedule that will be stable. This year, that was very late, because of the variance coming through. We still have other-end restrictions, so people were having to bet, literally, the future of their companies to say, "At what point will we know that there is a schedule where we, as a company, can invest, knowing that that income will come in, which means that we, as a company, will survive?"

You have to change the economics, where they are not hoping for a stable schedule and investing to that and if they get that wrong it is a complete mess. We have to have a more stable contractual relationship. We have to review the ground-handling regulations that came in through Europe and have an open market and open season. If you do that, you will have a more stable economic environment, which will drive better terms and conditions. We, as a union, will be happy to play our part in negotiating up those terms and conditions and getting decent terms and conditions for the industry, which is what it desperately needs at the moment to attract people.

Q33 Mark Pawsey: Does that translate to higher fares?

Oliver Richardson: Ultimately, if you are going to sell a ticket for €20, that no way covers the cost of transporting that passenger. Inevitably, you are going to have to look at what a sustainable fare is. That is something that is absolutely within the system. I know that it has been looked at in Europe. It has been looked at elsewhere. What is a sustainable fare?

Q34 Mark Pawsey: Are you saying that flights are just too cheap?

Oliver Richardson: It is just too cheap, but it is also just too cheap for what the industry needs to do in terms of investment. There is a concern about technology, investment and whether we can do that. Most importantly, there are environmental issues. How can the industry address environmental issues and put the investment into alternative fuels if it is simply selling a ticket for €20 or £20? It cannot do that. There is not a sustainability, economically, for doing that.

Q35 Charlotte Nichols: As a declaration of interest, I am a member of Unite the Union. Oliver, in your earlier answers you made reference to things like fire and rehire that have taken place over recent years. In terms of following some of the trends that we have seen within aviation, whether it is BA moving over to mixed fleet for airline staff or the ways that things have been done in airports and airlines themselves, what do you think the long-term impact of that is? We have been speaking today specifically about Covid, but it seems to me that these are much longer-reaching issues when it comes to remuneration within aviation.



Oliver Richardson: Previously, aviation was seen as a career and a career destination. People could say, "I will get into the sector and remain in the sector". We had a lot of people who served a long time there. Those people have enormous operational expertise. You have a ground handler, a loader of an aircraft. We have all been on a flight where a passenger has not turned up and the pilot says, "We are going to have to try to locate the bag of the passenger who has not turned up within the hold". An experienced ground handler can do that within five or 10 minutes. For one who does not have that operational experience, although they might have the skills and have been trained up, that is going to take them a longer period of time. The operational expertise has begun to drain from the industry.

You have terms and conditions that are such that people are coming into the industry and saying, "I am in, but, after a few months, I do not like it". We are seeing the increased turnover of new staff. Staff used to come in and think, "I have made it. I am here". We are now seeing a very high turnover of newly recruited staff. The turnover for all organisations has gone up. Throughout the pandemic and afterwards, it has gone up.

Many organisations made redundancies to the level at which they thought was going to be sufficient for the operation, only to find that people did not return after furlough, did not come back or left voluntarily. The industry is simply not attracting people into it. Long term, that is going to cause problems for the ability of the industry to grow and face some of the challenges that it is going to face in the future.

Q36 **Charlotte Nichols:** In terms of the current staff shortages we are seeing, I suppose in many respects they are self-perpetuating. Where you have fewer staff who are overstretched, overworked, as Karen mentioned having to do more checks when people are checking into flights, for example, there are longer queues, customers getting increasingly irate at the waiting times and things like this, that is going to have an impact on the staff who are there. Are you seeing any health and safety impacts, in terms of increased sickness absences or reports of stress from your members in aviation at the moment?

Oliver Richardson: Probably Jude could answer some of the issues around what is being reported to companies. In terms of the experience that staff are having, particularly customer facing staff, it is absolutely horrendous. They face the abuse for the cancellation of the flight. They are having to deal with very upset and angry passengers. Quite often, they have as little information as the passengers do. There is sometimes a distinction between the airline and the ground handler, so the person who is checking in or boarding a flight, or providing information, and there is a breakdown in that.

There is a lot of frustration in the system and, unfortunately, it is being taken out on people who are trying to make the system work as best as possible, but are obviously suffering from the kinds of problems that we are facing. A classic case is airport security. People are very concerned



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about flights taking off on time. They are turning up to airports very early. The whole operation is a just-in-time delivery system, so if you have somebody who is turning up three or four hours early for a flight, going through security, with somebody who is turning up an hour before, it causes all sorts of stresses and strains. Ultimately, it is the staff who have to deal with that and face it.

Where the system goes out of kilter, it really has an impact, and we are beginning to see the effect on our members. Again, it is pushing people away from the industry. They are saying, "I do not want to work here. I can go somewhere else where I do not face that kind of abuse".

Jude Winstanley: I have a couple of points. We have recruited over 3,000 people since the start of the year, which was pretty much when we got certainty over the schedules and what the summer was looking like. It has been difficult. We agreed what I think was a generous pay package just before Christmas with both the GMB and Unite. Then we have topped that up over a number of hard-to-recruit key locations, but we certainly had to work very hard to get here.

We are now probably about 95% in terms of staffing, and next month we expect to be pretty much fully staffed. That leaves us with an organisation where probably around half of the staff are experienced and half are new. If you think that it takes about 20 roles, generally, to turn and check in an aircraft, you might find 10 old hands and 10 new hands.

Staff welfare is incredibly important to us. Obviously the vast majority of the time operations work very well. Where we get upset members of the public travelling—let us face it: that is not just isolated to this summer—we look after our people very well and take that very seriously. We have not seen issues in relation to either safety or aircraft damage increase over this period, which is helpful.

Our attrition is around 26%, which, for the type of industry we are operating in, does not trigger any alarm bells for us. In terms of our sickness, our unplanned absence, it was about 10% in January, largely driven by some of the Covid overhang. It has reduced month on month and is now just shy of about 5%. It is a very challenging environment. It has not been easy to get here, but it feels as if we are closing the gap to where we want to be.

Q37 **Charlotte Nichols:** My final question is again to Mr Richardson. Is there anything that the Government did not do to prevent the current situation? I know that Unite was calling for financial support for businesses to be conditional on jobs guarantees, for example. Is that something that you think would have made a difference to the situation as it is at the moment?

Oliver Richardson: It would have made a huge difference. If you look at the USA, the CARES Act and its payroll support programmes, which were conditional on no job losses and no pay-outs to shareholders et cetera, it



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pretty much kept the infrastructure of aviation operating and running. It has come out in a lot better position. If you look at Spain, with its ERTE scheme, which has only just finished in March, I think, this year, again, that is conditional on no redundancies. It was tiered in terms of the support, so it scaled down as the industry scaled up. They have had much better transitions.

We had a stop-start position in terms of CJRS. I certainly remember the first extension in October 2020. With Swissport, literally it came so late that several thousand people had been made redundant. We had negotiated an agreement to keep everybody in Swissport on the payroll, but, effectively, that first cut-off was at the point at which very significant redundancies were made. They could not be reversed because the change came at a very late period in time.

Again, when we went into the second and final end of CJRS, it was exactly at the point at which further restrictions were beginning to be brought in. We desperately needed to keep people within the system. It could have been tailored support. It could have been conditional support. It could have been tiered so that, when the industry came back, the support would reduce. That, as I said, is fundamental.

The economics of the industry are that you have to have the cash in the industry to fund everything. If you do not have the cash in the industry, you cannot fund and you cannot predict the cash being in the industry. There is nobody on the private markets that was going to say, "I will advance you the cash. I will lend you the money in the hope that you are going to be right about the figures", when, in the whole of the industry, there is probably about a 10% or 15% variance in some of the predictions about what was going to come back this summer. Government support would have absolutely critical in terms of the industry making it through the winter and being in the best position to deal with the very significant scale-up that we have experienced this summer.

Q38 Tonia Antoniazzi: I was listening, Jude, to you talking about the rebuilding of your recruitment. I was wondering how long, on average, it takes for a new recruit to get an airside pass. Is the vetting process getting any quicker? Is there anything that could be done to improve this process to get you where you need to be?

Jude Winstanley: There are two types of airside passes. There are escorted passes, where you have to be, funnily enough, escorted by somebody who has a full pass ID, and then there is the full pass ID. From recruitment to being provided an escorted ID is probably about two weeks. Those two weeks would include induction training of probably 45 hours, et cetera, and some initial checks through.

To get a full airside pass takes around 60 to 90 days. It has a number of steps. One of the most arduous for us over this period has been the requirement for extensive referencing. At the end of the day, you are at



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the behest of whoever you have asked for a reference. If they choose to delay providing one, that can really string out the process. We have had some changes recently in relation to HMRC checks. That has happened very recently. It is welcome. It is a bit early to say what sort of impact it will have, but I would expect it to be positive. Then you have the final airport checks at the end of the process.

At the moment, around 20% of my workforce is on an escorted pass. Those continue to work through. Every day we get more. As I am now in a position where I am broadly at my establishment headcount, that pass is really critical, as well as more advanced skills. Those are the next big challenges for me.

Karen Dee: There are similar figures for us, because it is all about the same vetting process. The one thing I would add is that the system is speeding up a little bit, but there certainly were delays and it took much longer when recruitment really kicked in. As airports, I would say that there are still several hundred people who are awaiting that final clearance. Those are dedicated people who have had job offers.

One thing that is a barrier that we are having to face is that, for some people, they do not want to wait that long. In a tight labour market, they can find work elsewhere. We are also finding some churn there, but we are feeling much more confident now that the system seems to have speeded up. The Government have brought in one or two alleviations. They have put a bit more resource into the checks. That is helping, but still it takes three months.

Q39 **Tonia Antoniazzi:** Could anything else be done?

Karen Dee: Some of those alleviations are due to come to an end and it is very clear that, because of the very welcome rebound we have seen, we will probably carry on recruiting for some time. We would like to see those extended.

There is probably more that industry would like Government to be able to do in terms of helping with HMRC. As I say, particularly during Covid, when people have had many different types of work, getting those references, which we need—it is a secure environment—is quite a challenge. Any more that we can do with Government to streamline that process would be really welcome, not just to airports but other partners on the site.

Jude Winstanley: I agree. I employ dozens of people just to chase through those passes. I employ 11 in Manchester alone and five or six in Birmingham, and that is all they do all day, just to get those passes through because it is so critical for us.

Q40 **Chair:** Very quickly, yes or no, will this be fixed in time for the summer?

Oliver Richardson: Unless we work together, no.



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Jude Winstanley: I would agree with Oliver.

Karen Dee: I hope it will be better, but it will not be totally fixed.

Chair: These are not yes or nos, but I think they are all nos.

Danny Brooks: No.

Q41 **Ruth Cadbury:** Karen, could you respond in writing with a bit more detail about those alleviations that you say are coming to an end.

Karen Dee: Yes.

Q42 **Ruth Cadbury:** I thought the HMRC issue was sorted, so that HMRC previous employer data can be found, but you implied that they could do more, so maybe you could follow that a bit further. Am I right that the CAA is the organisation that is granting the security passes?

Karen Dee: Not always. There are other parties, via Cabinet Office, involved.

Chair: If you could write to us about that, that would be very helpful.

Karen Dee: We will write

Ruth Cadbury: Yes, some more detail would be useful. Thank you.

Chair: Forgive me; I should have declared at the beginning that I am a member of Unite the Union.

Ruth Cadbury: I should have declared that I know Oliver as a constituent and I also know Simon Calder as well, socially.

Chair: Thank you to all four of you.