

Transport Committee

Oral evidence: [Travel Disruption](#), HC 661

Wednesday 12 October 2022

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Robert Langan; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith; Christian Wakeford.

Questions 48–79

Witnesses

[III](#): Doug Bannister, Chief Executive Officer, Port of Dover; and Paul Davey, Head of Corporate Affairs, Hutchison Ports.



Examination of witness

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Witnesses: Doug Bannister and Paul Davey.

Q48 **Chair:** Could I ask our witnesses to introduce themselves for the record?

Doug Bannister: I am Doug Bannister, the CEO of the Port of Dover.

Paul Davey: I am Paul Davey, head of corporate affairs for the Port of Felixstowe and for Hutchison Ports UK.

Chair: Mr Bannister, welcome back. Mr Davey, I think in the seven years I have been on the Committee, we have not heard from Felixstowe. We are delighted to hear from you—welcome. This is going to be led by Grahame Morris and me; we will start with Grahame.

Q49 **Grahame Morris:** Good morning, gentlemen. I want to start with a question to Mr Davey. Could you tell us what the current state of negotiations is between Hutchison Ports and the trade unions at Felixstowe?

Paul Davey: There are no negotiations currently under way on the 2022 pay deal. We negotiated over an eight or nine-month period on that deal. At the end of that, unfortunately, no agreement had been reached. We had reached an irreconcilable impasse. At that point, we were never not going to make a pay award, so at that point, we implemented the pay award that we had offered.

Q50 **Grahame Morris:** Currently, are there discussions going on? You have unilaterally implemented an award, even though the trade unions are saying that negotiations are ongoing. Are you in discussions with the trade unions at Felixstowe?

Paul Davey: It is incorrect to say that negotiations are ongoing regarding the 2022 pay deal. That dates back from 1 January this year. Literally in the last couple of days, there have been some exchanges over the 2023 pay deal. Of course, that pay deal is due in less than three months' time.

Q51 **Grahame Morris:** There are ongoing negotiations, but they relate to 2023.

Paul Davey: Negotiations for 2023 have not started. There are discussions about negotiations, if you like.

Q52 **Grahame Morris:** That is very confusing. Mr Davey, would you tell us your view? I hope you heard the earlier session that we had with the rail bosses, and Tim Shoveller's reference to the rail dispute and his reaction to a unilaterally imposed pay rise without agreement. I am paraphrasing, but he said he thought it was dodgy. What is your response there? What are your thoughts in relation to Felixstowe?



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Paul Davey: Our advice is actually not dissimilar to his, not that it is “dodgy”—

Q53 **Chair:** I think he said it was subject to some legal complexity.

Paul Davey: It is certainly subject to some complexity, but it can be done once negotiations have concluded and if an irreconcilable impasse has been reached. At that point it can be imposed, and that is the point we reached.

Q54 **Grahame Morris:** What is the dispute about? Is it about pay?

Paul Davey: It is about pay. It is a pay deal from 1 January this year. We had offered, and have now implemented, a pay deal of 7% plus £500. There are some other small changes as well which improve overtime and absent rates for some of the lower-paid people. Overall, this year, that deal is worth between 8.1%, roughly, and up to 9.6% for some of the lower paid. As I say, it applies from 1 January when inflation was 5.4%. We think it is a very fair deal.

Q55 **Grahame Morris:** I want to come back, or perhaps others will come back, to the position of the company, the profitability and the shareholder dividends. Someone might take issue with that being a fair and reasonable offer, given the levels of profits and dividends that the company has paid to shareholders. I believe it is of the order of £200 million over the last three years. Is that correct?

Paul Davey: I cannot comment. I would have to check on the exact number.

Q56 **Grahame Morris:** I think the precise figure is £198 million.

Paul Davey: We are a profitable company. It is a profitable company. It does pay dividends. It is because we are a profitable company that we can afford to pay good wages. The average earnings of people involved in the dispute are £43,000 a year. You will recognise that that is above the national average. The pay award that we have made this year is above the rate of inflation at the time it applies. It is above the average pay award that most people are getting.

As I say, we are able to do that because we are a profitable business. The union itself acknowledges that shareholders deserve a return on the investments that they have made. Our shareholders have invested hundreds of millions of pounds into the port. Of course, that investment secures those Unite members’ jobs, as well as my job and others’ jobs, well into the future, we hope.

Q57 **Grahame Morris:** Can you tell us how the strike action has affected the supply chain through Felixstowe? Are you making contingency plans if there is ongoing action?

Paul Davey: The impact on the supply chain has probably been less than many people expected initially. There are possibly two or three reasons



for that. Before the strike, we consulted with our customers and the importers who use the port. Many of them brought forward their shipments. The average container—it is mostly containers—stays in the port for about a week anyway before it is collected. Most of those that would have been collected during each of the strike weeks were there before the strike started. Many people collected those early. Other people chose to delay the receipt of their goods. Some people will have re-routed traffic through other ports.

The other thing is that the supply chain in the last two and a half years, since covid, has got increasingly used to handling disruption. There have been lockdowns in the far east, and there still are. There have been HGV driver shortages and all sorts of disruption. The sense that we got from our customers was that, while the strike and the disruption was not welcome, they would deal with it like they have dealt with every other disruption they have had to deal with. We are now several weeks past the first strike and in the week after the second strike. Certainly, the feedback and response we are getting from our customers is that that is exactly what happened. They dealt with the disruption without any real significant impact on supply chains.

Q58 Grahame Morris: Thanks. I will move to Mr Bannister. Could you tell the Committee what happened on 22 July at the Port of Dover?

Doug Bannister: I can, but what I would like to do is go back to say what we did before then. First of all, it was absolutely clear that we were operating in a post-Brexit environment. That was no surprise. It was absolutely clear that we would see an increase in tourist trade following two years of the pandemic. That is why we put in place our summer plan.

Part of the summer plan was looking, hour by hour, every day of the summer—every single day—and determining what the traffic volumes would be and what the resource requirements would be. It also included training additional staff to act as traffic marshals and passenger champions. We improved our welfare facilities in the areas within the port where we felt there would be some congestion. We increased our communications on social media channels and other outlets. Finally, we installed 50% more kiosks for the French border police to operate from. We felt that with all those plans in place we would not have the disruption.

On Thursday 21 July, recognising that it was going to be a busy summer Friday, we called a rising tide. What that means is that people get prepared, pretty much. We called a critical incident at a little after 4 o'clock in the morning on Friday. That was based on the fact that we had an insufficient number of French border force people turn up to man the kiosks. It was certainly well shy of what the plan had called for.

During the course of Friday, one of the things that we found in Dover is that, if we lose the queue early on, it has a very long tail before we can correct it. During the course of the morning we had Operation TAP, which



is where we hold lorries on the A20, and then it extends into Operation Brock, which is the M20.

During the course of the morning, while we had a very good response from police aux frontières to more booths and we started to see the traffic begin to flow, it was backing up already quite considerably. By about midday, we had a clear picture of what it was going to be, and it was going to be a challenging day. Then we had a very serious road traffic accident on the M20 that caused major diversions off the M20 and around and through Folkestone, which added to the challenges.

By the end of the day on Friday we had a backlog of probably about 1,500 lorries—by “the end of the day” I mean about midnight. On Saturday we had a great response from PAF. We had more kiosks opened up and we started to make some inroads. At the start of the process, on Friday morning at 4 o’clock, we were anticipating a wait of about four hours in our buffer zone, which is the area just in front of the border authorities. By Saturday morning, people were waiting for about an hour, and for most of Saturday it was between 60 and 90 minutes.

By the end of the day on Saturday, what we had achieved was that we got absolutely everybody who wanted to travel on Friday and Saturday, and wanted to continue to travel, through the port. They got away. We cleared 100% of the backlog. That Sunday morning, we started with a clean slate, and we were operating well. We had great support from police aux frontières, and that operated throughout the rest of the summer, which meant that many times we had wait times at the border of 10 minutes, but we were certainly between 45 minutes and maybe an hour for most of the summer.

Q59 Grahame Morris: I am grateful for that very full answer. Going back to what you said originally—if you could give me a briefer answer because I know other Members want to ask about these issues—given that this post-Brexit, post-covid surge in demand was predictable and you had prepared contingency plans, what steps, if any, could the Government take that would assist in preventing future disruption at a predictable peak? Is there some advice that you can give us in your evidence that we could relay to Government in terms of what they should be doing to try to prevent this in the future?

Doug Bannister: There are probably two primary things that I would be seeking from Government. One is to recognise the significant infrastructure investment that is required throughout Kent for the road network; the dualling of the A2, the Lower Thames Crossing and the Brenley Corner. We also have a programme of work called our Dover access improvements, which is looking to create new, permanent infrastructure to manage the flows of traffic better, recognising that the transaction times at the borders have increased.

The second thing I really need the Government to focus attention on—as the Committee has heard from me probably multiple times before—is



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around the European entry/exit system. That is currently scheduled to be in place in May next year. As it stands right now, while there is a lot of very good work going on, we do not have a solution that is going to work in a very busy ferry terminal. What that means for next year's summer getaway is that we are in a whole new ball game.

Chair: I want to talk about the entry/exit scheme, but before I do, let me bring in Karl McCartney.

Q60 **Karl McCartney:** Mr Bannister, specifically on that occasion, what staff shortages caused that problem that I do not think the Government could have foreseen? What have you put in place now to mitigate those circumstances happening again in the future?

Doug Bannister: It is important, Karl, to understand the operation of our juxtaposed control. We are the only place in the UK—the short straits—where you clear French immigration on UK soil. That is in place, governed by the treaty of Le Touquet, for the Port of Dover juxtaposed controls to take place on our land.

We had a sufficient number of ferry operator staff for check-in and managing the marshals. We knew what we needed and they manned up. We had a sufficient number of our own people to operate all the aspects, with our own engineers and traffic management people. Border Force had a sufficient number of people pursuant to the plan. The area on that Friday morning where we were let down is that we had an insufficient number of police aux frontières to man the additional capacity that we had put in place.

Regrettably, that is not something that we can control because they do not work for us. They are invited into our port on behalf of the UK Government to undertake state functions. Clearly, we have a good relationship with PAF, certainly at operational level. That is why, during the rest of the summer, they responded with great agility to make certain that they had enough people manning the booths at the right point of time. They became very proactive during the summertime, ensuring that we knew what they were up to. Since then, we have also put in a programme where we communicate and look out six months at what our expectations are for both traffic and resourcing, refreshing it the closer we get to particular days or weeks. We have had a good dialogue about how we practically manage it. At the end of the day, it is a state function. They have their own resourcing pressures, and it is up to them to provide what we would like to have to manage the flows.

Q61 **Karl McCartney:** But there are emergency plans—shall we call them that?—in place to get French-employed French people over to the UK, should there be problems with numbers of staff in the future?

Doug Bannister: What we anticipate is that we would have an earlier warning if they were unable to man to appropriate resource levels, and then we can enact any other contingency plans on our side to try to do the traffic management. All of the police aux frontières commute daily.



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They come in by Eurotunnel, so it is not only a matter of the trains operating well, but that there is no significant congestion that would prevent them from coming from Folkestone down to Dover to work, as it was on that Friday morning.

Karl McCartney: Thank you for making the Committee aware of that.

Q62 **Chair:** Mr Bannister, I want to continue on the theme of the EU entry/exit scheme. Is it your understanding that it will apply to all passengers who pass through Dover, or just those who do not have an EU passport?

Doug Bannister: The entry/exit system is going to apply for any non-EU passport holders. In the vast majority of cases, that will bite at the destination port or airport. First of all, you will need to enrol in the scheme, which takes an amount of time. That means that alongside your passport details, they take your biometric information. Then you will need to have that validated every single time you cross the border. It just so happens that the only place the border is crossed on UK soil is in Dover. That is why we are probably more alert to it than other people. It will affect anybody who has not registered and is not an EU passport holder.

Q63 **Chair:** What proportion of your passengers, or movements, do you think will be impacted at the Port of Dover?

Doug Bannister: Roughly about 60% or 70% of our tourist passengers are probably British. It is probably the reverse of that—maybe 70% to 80%—for our freight drivers who are European. It is going to have a higher impact on families wishing to go abroad next summer.

Q64 **Chair:** At the moment, am I right in saying that it takes about a minute and a half to get a vehicle through the checks at Dover?

Doug Bannister: Yes.

Q65 **Chair:** What do you estimate it would be for a vehicle where someone has to get out and do biometric testing?

Doug Bannister: Chair, I would very much like to answer that. However, we have received no information about what it could be. We have not seen what the process is. We do not know what the technology is, so it is very difficult to estimate what the time would be.

What we have heard is that it could be two minutes per person to register, plus two minutes for the car. That is 10 minutes for a car full of four people. We have heard that there could be some technology such as an iPad with handholds to register the fingerprints. We have not trialled it. How do you pass that around a car? What happens if you have a child asleep in the back seat? What if it is a dark, stormy night and the lighting is inappropriate? We have not tested all that, so we do not actually know.

Q66 **Chair:** There are seven months to go, and you still do not know what the rules of the road are going to be for what you need to do or what



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passengers need to do to comply with this.

Doug Bannister: That is correct. What I know is that there is a lot of ongoing dialogue taking place between officials in our Government and French officials. I know that there is going to be a trial of some new technology—which we have been invited along to witness—over in Calais in the next couple of weeks. I know that activity is ongoing, but as I sit in front of the panel today, we do not have that answer.

Q67 **Chair:** Have you been given any timescales as to when you will have more details?

Doug Bannister: No.

Q68 **Chair:** In the worst-case scenario, this is brought in in May. Again, I know it is very difficult to tell as you do not actually know how long it will take because no one has told you the rules, which is completely bizarre and unacceptable. We heard previously from a witness from Logistics UK, and she was saying that this scheme could potentially add 19 miles-worth of tailbacks into Kent. Is that still a real concern that you have?

Doug Bannister: We have seen, first of all, how well the port operates when everything is working as it should work. During the course of the summer, after that initial weekend, you did not hear about any disruption at all because we did not have any. The market continues to choose Dover because of its unrivalled frequency, the capacity and the short transit times. We know that people are going to want to travel. We know that the route has proven itself time and time again, but what we have also seen, particularly in relation to the border, is that if that gets sticky, it backs up very quickly.

One of the things that we have heard is that there may be a transition period for the introduction of the EES protocols. That will be welcomed by us, depending on what it is, of course. That will allow a longer period of registration process perhaps, but it needs to be combined with other measures, such as remote registrations and that sort of stuff. If it comes in in the worst possible way, in the way that we fear, it is going to have significant and continued disruption for a very long time.

Q69 **Chair:** Which Department in Government is liaising with you and dealing with these negotiations with the EU?

Doug Bannister: We are having great dialogue right now across the Cabinet Office, HMRC, Border Force and DFT. Right now, we are primarily speaking with the Home Office and DFT on the matter.

Q70 **Chair:** We have the Secretary of State for Transport in next week. What would your message be for her with regard to this new scheme?

Doug Bannister: What we need to know is what the rules of the game are. Point one: we need the rules of the game. Two: we need to see what the technology is going to be like. We need a sufficient amount of time to trial, test and train to use that technology before implementation. It is



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knowing early and then making certain that we are getting as much lead time as we possibly can, to ensure that we have the right people on the ground with the right processes to make certain that it operates properly.

Q71 Chair: We have talked before about the scheme and the impact it could have. We have been to the Port of Dover and you kindly showed us. This matter has been put back a number of times. You talked about an implementation period. Do you see that it may well be pushed back again because time is clearly running out?

Doug Bannister: One of the things that, as I understand it, the EU is attempting to do is to do all their borders in one go. That means that all the member states need to be prepared to be able to operate in that way. Certainly, there are other borders where there is a significant amount of road traffic, most notably on the eastern frontier of the European Union. We anticipate that they would have to get to a minimum level of compliance, and maybe that is what they are gearing the transition period for: to make certain that everybody can be at a minimum level of compliance and then step everybody up together.

Q72 Chair: Mr Davey, you will have less of an impact because yours is predominantly freight. None the less, your lorry drivers will be impacted by this as well. What steps are you taking?

Paul Davey: We have much less at Felixstowe. Most of our ro-ro ferry traffic is unaccompanied. Over 90% of it is unaccompanied, which means that the driver does not travel.

Q73 Chair: The driver just drops off.

Paul Davey: That particular issue will not be significant for us, or should not be.

Q74 Chair: You must be glad you have that model when you hear from Mr Bannister.

Paul Davey: We have our own challenges, but that is one we do not have.

Q75 Chair: About your challenges, we talked before about rail, and we are going to talk to the unions as well. We visited the Port of Southampton, and they were talking to us about the impact of rail strikes on their movements out of the port. I think about 20% of their movements were on freight. What impact has it had for the Port of Felixstowe?

Paul Davey: It has obviously reduced the amount that can go out by rail on strike days. It depends which strike action is happening on rail. The rail freight drivers are not part of the strike action that is taking place. On strike days there has been limited capacity for freight trains. We have had some freight trains on some of the days, but significantly less.

Q76 Chair: What proportion of freight gets moved by rail at Felixstowe? I gave the figure of 20% for Southampton.



Paul Davey: At Felixstowe, 28% or 29% moves by rail, but it is a higher proportion of the longer distance freight. About 50% of the freight that goes to the north of the country goes by rail. Basically, none of the freight that goes to the south-east moves by rail, just because the distance is too short for rail to be competitive.

Q77 **Chair:** We are now moving into the Christmas period. In terms of the industrial action, you said it has been managed up to date. If you get industrial action in November and December, surely that is going to have a massive impact because there is so much more being moved around.

Paul Davey: I guess there are two things on that, if I may. One is that we normally have the peak season around now—that is true—although this year, due to economic slowdown and a slowdown in retail sales, most of our customers are telling us, and certainly we are seeing, that there probably will not be much of a peak this year. That slowdown brings its own challenges, obviously, but it has mitigated the impact of the strike on supply chains.

The other thing that our customers are telling us is that Christmas is largely here already, or that it is here already. I saw it reported last week that John Lewis, in their end-of-year results, were specifically asked about the strike in Felixstowe and the impact it would have on Christmas. They said that 85% of their Christmas goods are here already. Obviously, Felixstowe is not the only port they use. They seemed to be relatively relaxed about Christmas.

Some of our other customers are telling us—particularly those that sell bigger ticket white goods—that with the slowdown in retail sales, they have more than enough stock in the country already, and in fact more than they need in some cases. I think most people are reasonably relaxed about the impact on Christmas.

We very much hope there will not be another strike, and I was saying to Mr Morris, we are in discussions about negotiations for next year's deal. Hopefully, we are moving beyond—

Q78 **Chair:** As far as the unions are concerned, you may have actually paid out, but that does not mean that is the end of 2022's deal, just because you have paid. If that was the case, they would have accepted the deal.

Paul Davey: No, but what we are hearing from our workers more and more is that people want to move on from this now. Many of them did not want to strike in the first place. Even those who supported the strike are recognising that the deal they have been given is a fair deal. They see it is better than most of their friends are getting. I think they also now want to focus on the 2023 deal. That is only—

Q79 **Chair:** Is there anything else apart from pay in this? The bit I cannot understand is that you offered 7% plus £500. It has been said that can be an increase of between 8.1% and 9.6%. Unite's national officer, Robert Morton, said that he was looking for a figure of between 7% and



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12.3%, which you are already actually inside. Is there anything else apart from pay that is causing industrial relations problems at the Port of Felixstowe?

Paul Davey: No, I do not believe so. There were two other aspects of the negotiations this year. There is quite a number of different categories of worker, and they have slightly different terms and conditions covered by the dispute. One group of workers—about 400 of them port operatives—get a significant bonus, and they wanted the bonus rolled into their basic pay. We have agreed to roll half of the bonus into basic pay. We still think there is a role for incentivised pay, but we have agreed to put half of their bonus into basic pay.

The other thing that the union was asking for was to introduce establishment levels, as we call them, for the hourly paid engineers; that is to agree a minimum number of engineers who would be in the hourly paid branch of Unite as opposed to the staff branch of Unite. We did not see that there was any benefit to anyone really in agreeing to that. Indeed, a number of those engineers have moved to the other branch of Unite since the strike action started. We did not agree to that part of it. I do not believe that is the reason that anyone is striking. The strike is about pay.

Chair: After you have departed, we can probe a little more. I didn't see any other Members catching my eye as I prattled on, so thank you both, Mr Bannister and Mr Davey, for your evidence and your time. There are clearly a lot of challenges ongoing, and we will continue to monitor them. We have been to see the Port of Dover. I think we would love to come and see the Port of Felixstowe as well, Mr Davey.

Paul Davey: You are more than welcome.

Chair: Do keep in touch with us. Thank you very much.