

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 138–180

Witnesses

[V](#): Stewart Wingate, Chief Executive Officer, Gatwick Airport; Sophie Dekkers, Chief Commercial Officer, easyJet; and Lisa Tremble, Corporate Affairs and Sustainability Director, British Airways.



Examination of witnesses

Witnesses: Stewart Wingate, Sophie Dekkers and Lisa Tremble.

Q138 **Chair:** Good morning to all three of you and apologies for starting a little late. Let's introduce the panel, starting with Lisa because I do not think you have been in front of us before.

Lisa Tremble: My name is Lisa Tremble. I am the chief corporate affairs and sustainability officer at British Airways.

Sophie Dekkers: I am Sophie Dekkers, chief commercial officer at easyJet.

Stewart Wingate: I am Stewart Wingate, chief executive officer of Gatwick Airport.

Chair: Stewart and Sophie, welcome back. Lisa, it is a pleasure to have you here for the first time. Gavin Newlands and Ben Bradshaw will take us through this session.

Q139 **Gavin Newlands:** This is an easy one to get us going and to set the scene, with brief answers if you can, because it has been discussed in the media quite a bit over the last few months. What were the causes of disruption over Easter and the summer? I will start with you, Stewart. In answering that, could you say why you felt it necessary to limit flights?

Stewart Wingate: The first thing from a Gatwick perspective is to reflect on how hard the pandemic hit the airport. We were probably one of the hardest hit airports in reduction in passenger volumes of any airport in the world—certainly the big airports.

When we look back on 2022, probably one of the most important sets of decisions that was taken was in late January by the Government. That was when they finalised the slot utilisation rules coming back into force at 70:30 for the summer. That means that the airlines have to use the slots or lose them. Certainly, from the airport perspective, we welcome that. They also started to reduce the travel restrictions.

From that point forward, at Gatwick, we have probably recorded the strongest bounce-back of any large European airport, partly because we were so heavily impacted by the pandemic. If you look at the numbers for the year, we now think we will have a passenger volume of 33 million passengers going through the airport. If you compare that to 2021, in the first six months, we saw just over half a million passengers in the entire six months. We have seen an astonishing bounce-back.

In terms of actions that we took, fortunately, we started our recruitment campaigns back in autumn last year, when there was a lot of uncertainty. We started particularly bringing in new security officers to the airport. We have hired over 400 new security officers. They joined us in the first half of 2022. Importantly, we commissioned the south terminal in quarter one



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of this year. That had been effectively mothballed for nearly two years. We reopened it, working with our airlines, on the very first day of the summer season, in advance of the demand coming into the airport. We operated through until the end of May, really, with little disruption.

Coming to the point, Gavin, at Gatwick, towards the end of May—the spring half-term—we observed, together with the airlines, that we certainly had more congestion in the check-in areas for a number of the airlines, which was a problem for us. We also saw an uptick in what we call same-day cancellations, where passengers were at the airport and ready to leave. In normal operations at Gatwick we would, maybe, have two or three cancellations per day, but in the period of time across that week we saw on average about 12 per day. It was really that that alerted us to our concerns that looking forward to the summer holiday period, if we did not act together, we could have some quite severe disruption. That is what led us to have a review with our airlines. It included easyJet, British Airways and the other major carriers.

We jointly came to the conclusion that the fundamental issue at that time was that we had insufficient airline ground-handling resource to enable us to ramp up to what would have been a peak of about 930 movements in August-time. Hence, we took the decision to make an early decision to give passengers notice that we were going to limit the movements—still very high movements—to 825 per day in July and 850 per day in August, so that we could offer good levels of service to passengers passing through the airport and passengers would have advance notice to make alternative arrangements.

Q140 Gavin Newlands: It is interesting that it was an agreement in concert with the airlines on reducing capacity, as opposed to handed down. I will come back to ground handling at the end of my contribution.

Sophie, for easyJet, are there any additional causes that Stewart has not mentioned? I am conscious of the time. If there is nothing additional I can move on to specific easyJet questions.

Sophie Dekkers: The one thing we experienced that was unprecedented was the length of time it took to do ID processing. You have to do referencing for the last five years. As you can imagine, during covid, many people had multiple roles. We had people, on average, taking 10 roles in two years. What would normally be an ID reference processing time of six to eight weeks was taking 12 to 16 weeks. That caught us out. We had not anticipated that. Thinking about planning for the summer, what caught us out in the early part of the summer was ID referencing. We repositioned 55 people in-house and repurposed them to be responsible for taking the ID processing in-house, whereas we had been doing it through a third party. I would add that to Stewart's comments.

Q141 Gavin Newlands: As you brought it up, and Stewart mentioned it as well, I have been approached by an employment agency who suggested that even if, for a temporary period, they were given direct access to



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HMRC's files and so on, this referencing process could be sped up significantly to get people in. Is that something you all agree would be a good thing?

Sophie Dekkers: Absolutely. That would have been really helpful. At the moment, we have to go to the individual person seeking employment, and they are the ones having to go back to all of the employers they had previously. As you can imagine, some people only had roles for two weeks, and it was very difficult for them to get that. That was one of our asks in a previous Committee: the ability to have direct access to HMRC to be able to make that much easier. If we had had that early in the year, it would have made a big difference.

Q142 **Gavin Newlands:** At easyJet, what is your current crew-to-aircraft ratio? Correct me if I have the terminology wrong—it is from conversations I have had with crew and pilots. What is easyJet's crew-to-aircraft ratio at the moment as compared with 2019, pre-pandemic?

Sophie Dekkers: It varies by airport and by base. I will not go into all the detail, but it varies by the types of flying you do at that airport. At somewhere like Glasgow, we do lots of domestics as well as longer sectors. At somewhere like Manchester, there are very few domestics and lots of longer sectors, so your ratio needs to be different according to your flying profile. On average, we are currently 0.1 higher than we were pre-pandemic in crew-to-aircraft ratio.

Q143 **Gavin Newlands:** Is it causing any problems at individual airports as opposed to over the piece?

Sophie Dekkers: It did early in the summer because of the delay in getting the ID processing and high sickness rates. It meant we had a lower crew-to-aircraft ratio than we needed at that point, and we recognised that. Since the beginning of July, as I say, we have had a higher crew-to-aircraft ratio than we had pre-pandemic. Our daily cancellations now are at 0.8%. That is better than we were in 2019.

Q144 **Gavin Newlands:** Lisa, feel free to answer the question if it has not been covered yet. In addition, BA has been in front of us a few times since the start of the pandemic, essentially because of their reaction to the pandemic and the fire and rehire effects. Would you accept that perhaps too many were forced out of British Airways as a result of fire and rehire?

Lisa Tremble: I completely understand why we regularly get this question. If I reflect back on what was happening with the business at the time, we were flying about 5% of our schedule. We were losing £20 million per day. When the bulk of our colleagues left the business in August, there was no guarantee that furlough would continue. We were grateful that furlough continued, but it only contributed 17% of our payroll cost.

The business was in a really precarious position at that time. The decision was taken to protect as many jobs as possible and downsize or right-size



the company to what we thought would happen in the future. While I accept that it caused a lot of problems and mistrust with the unions and our people, I think the business took the right decisions at that time to secure as many jobs as possible, given the circumstances we were facing. There was no idea whether there would be a vaccine or how long the restrictions would continue.

Q145 Gavin Newlands: You mentioned the furlough scheme. British Airways did not access the furlough scheme for its pilots, which they still find strange given the problems that you have had since. I get cabin crew, engineers and pilots communicating with me on a regular basis because of the fire-and-rehire issue.

I was spoken to by one of them who said that when giving evidence to the BEIS Committee, you said that the pilot shortage had not resulted in any cancelled flights. I am told that is not quite true for some domestic flights, and that there have been domestic flights cancelled because of a pilot shortage. Would that be true or not?

Lisa Tremble: I do not recall saying that at the BEIS Committee. We obviously have cancelled both domestic short-haul and a small number of long-haul flights over the current year. We took that decision early on, around Easter-time, to match the schedule to the resources that we had. Over the summer, we took out 13% of our schedule. The reason we did that was to build resilience into the system and make sure that we got as many people away as possible. That worked over the summer. Like Sophie, in August we had cancellations of 0.13%, which is essentially 28 flights.

Q146 Gavin Newlands: I am conscious that I have only 10 minutes. I have one important question on ground handling. You mentioned it yourself, Stewart, in your evidence. Ground handling has been an issue in terms of capacity at airports. Although it is just over a third across the sector, Swissport, for instance, lost nearly half of their staff during the pandemic. It is the lowest paid part of the aviation sector.

Heathrow have announced a review into how they operate ground handling. I do not know what that will conclude—whether it comes in-house or what have you—but would you accept that the system as it is at the moment is fundamentally broken in terms of ground handling and how it fits into the overall scheme of things? Very briefly, because we need to move on to Mr Bradshaw.

Stewart Wingate: For me, when we reflect back on the summer and look at the ground handlers, the ground handlers are licensed by the airport but actually contracted by the airlines. I think we would all agree that if we are to have a summer next year—Gatwick is a seasonal airport—and not put in place any revised declarations, which we certainly do not want to do, it is an area we all have to work together on to fix. I think it is a key focus area.



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From a Gatwick perspective, we know that the Government have announced a review. We welcome that review. We will participate in it, and we will work with the airlines to try to get to a situation where there is sufficient ground-handling resource at the airport with the right terms and conditions and with the right skill levels.

Q147 **Chair:** Gavin—I hope Ben does not mind—this is a very important issue, so don't feel that it should be rushed.

Sophie Dekkers: From our perspective, we recognise that there is a tightness in the labour market, full stop. In the UK we have record low unemployment levels at the moment. In the south-east there is zero unemployment at the moment. There is a challenge across the whole industry, and ground handling is part of that. You have also heard from other industry sectors today that are facing the same challenge in recruitment, and so on. Fundamentally, it is something that we are working on very closely with our ground-handling partners, and how we can help support them on recruitment.

From easyJet's perspective, one of the things we have done, in helping with the attractiveness of ground handling, is to put our name against it. You think about Menzies and about Swissport, but people from the outside do not necessarily know the brand. If we say, "You are working on behalf of easyJet," people think, "Okay, I am getting into a career with something that is attractive." We have tried to do something a bit different this year by supporting the ground-handling companies and by adding support through our channels to help broaden that recruitment. Recruitment is a real challenge at the moment across the industry. It is not just ground handling, but more broadly.

Q148 **Gavin Newlands:** No thoughts about taking it entirely in-house, like Jet2 for instance?

Sophie Dekkers: We have looked at it and we have seriously considered it. We do it in some of the countries that we operate in. We do ground handling in-house. To be honest though, at Gatwick for example, where DHL are our ground handlers, they have much more flexibility and resource than we would have if we brought it in-house. One of the things they did for us this summer was to use some resource, bringing it in from Sainsbury's, where they need more of their resource in the winter for the Christmas peak. They were able to flex their DHL resource to be able to bring some of those workers across to work at the airport for the summer. For us, by doing it through someone like DHL, we have much more access to a flexible workforce to help in the peaks than we would if we brought it in-house and we had faced the same challenges of recruitment and so on.

Lisa Tremble: At Heathrow, we have everything in-house. One of the things we have done is increase the salary. It was round about £25,000 including shift pay. It is now £28,000 including shift pay. That makes the



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position more attractive. We have also looked at staff benefits, staff travel and other things to encourage people to join British Airways.

I think the point has been well made by my colleagues. It is a really tight labour market. We are getting applications for those jobs, but it still takes time to process them. It is getting easier as each month goes by. In total, including cabin crew, we have about 5,000 people in the business. We are going to keep recruiting in earnest, but it takes time.

The other thing is that we were bringing a lot of people into the business. It takes time to get used to the job. I think that probably caused some of the problems over the summer because you cannot expect a new person to come in and basically be able to do everything at the same time. We know what the problems are. We are working to fix them. We are looking at pay and conditions, and we have improved them. We are hoping that, as each month goes by, we will get more people into the business, trained up ready for the summer.

Q149 Chair: British Airways at Heathrow employs all of the ground handlers as British Airways staff.

Lisa Tremble: Correct.

Q150 Mr Bradshaw: Isn't the reason that British Airways and easyJet performed so much worse than Jet2 and Ryanair that they had much healthier balance sheets before this crisis, and they did not lay off as many people as you did? Then you tried to get up and running quicker to repair your balance sheets, but overscheduled and could not cope with the demand?

Sophie Dekkers: From easyJet's perspective, we actually have one of the lowest net debts of any airline in Europe. It is not the balance sheet that has been the issue. In terms of recruitment and redundancies, we made 1,100 crew redundant, but they were all voluntary redundancies. We put a number on part-time contracts, including the pilots. We have now offered all those on part-time contracts that they can come back full-time; 25% have actually said they prefer the part-time contract, which works well for us in seasonality of summer and winter.

We did not make a significant number redundant. They were all voluntary. When we put summer on sale for this summer, it was in March last year so it was 18 months out. I think we can all agree that it was very difficult to predict. In March last year, we thought we would have been through the pandemic by this summer. Those were the assumptions we made at the time. With the restrictions being lifted in March, we had very little time. We obviously welcomed that, but we had very little time to ramp up for the summer. That was the challenge. Things like ID processing caught us out.

Lisa Tremble: We had a very similar situation. We lost £3.5 billion during the course of the pandemic. We were expecting a stronger recovery in 2021. Actually, we flew about 30% of our 2019 capacity. If



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we cast our minds back to December, January and February, we had some of the most stringent travel restrictions reintroduced, and then in March everything went. I think there was an adjustment period for everyone.

We began recruiting this time last year. We were all caught blind by the amount of time it would take to get people into the business.

Q151 Mr Bradshaw: How long is it taking both your companies to process passenger claims for refunds, compensation and expenses to which they are legally entitled?

Lisa Tremble: If we cancel a flight, we offer our customers booking on our flight, a partner flight or another airline. If we cannot do that, they get a full refund. I can tell you that in September, 90% of those were paid within seven days, so it is much quicker than it was in April and May.

Sophie Dekkers: From easyJet's perspective, we are issuing refunds for cancelled flights within one to four days. EU261 claims are, on average, around seven days. Compensation for expenses, which is receipts and so on, is around nine days.

Q152 Mr Bradshaw: Lisa, you did not mention the compensation or the expenses claims.

Lisa Tremble: I didn't. Basically, we make everyone aware of EU261. There is a very intuitive portal on our website, where people can put in their information. We aim to get back to people on the EU261 compensation and tell them whether or not they are entitled to it within 28 days. There is a backlog of cases. We are working through those as quickly as possible to get the money back to customers.

Q153 Mr Bradshaw: We have heard via Which? and also from Simon Calder earlier of thousands of cases of people they are aware of who have not received their compensation on time and have not been allowed to book themselves or been booked by you on to other carriers. There is clearly something going wrong on the ground with your policy if it is not happening universally.

Lisa Tremble: Sometimes, there just are not the flights available to put people on to other carriers. When there is disruption and a high number of on-the-day cancellations—

Q154 Mr Bradshaw: These are examples of people who have booked themselves on to other carriers to get home and who have not then been compensated for the cost of that flight by you. They have been told that it is because they were not entitled to book themselves on another flight, which they are under consumer law.

Lisa Tremble: I am not aware of that. If you want to pass me those examples, Mr Bradshaw, I am happy to look into those specific cases.

Mr Bradshaw: Okay, we will do that.



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Lisa Tremble: We are looking to compensate everyone. There are some delays on the more complex bookings. We are working through those as quickly as we can.

Sophie Dekkers: I was interested to hear Simon's comments this morning. I would say they reflect where we were in June. They do not reflect where we are now. In June, the issue was the volume of on-the-day cancellations and the limited availability of alternatives to offer people. We would normally repatriate people on our own flights, but there was not the opportunity even on our own flights or on others. It was the jubilee weekend. That weekend was an issue, and we had a backlog that is now fully cleared. As I say, on EU261 claims we are running at an average of 6.3 days at the moment. We do not have a significant backlog, so I was surprised to hear his comments this morning. If he had made them in June, I would have recognised them. They do not reflect where we are today in terms of backlogs.

Q155 **Mr Bradshaw:** When someone's flight is delayed or cancelled, do you actively promote the aviation passenger charter clearly to them in all communications?

Sophie Dekkers: Yes. On the back of the BEIS Committee, we provided the evidence to show how that is very clear to passengers and what they are entitled to.

Lisa Tremble: Likewise, we do that. I think we learnt a lot of lessons from what happened over Easter. The criticism, as Sophie said at the time, is that we were not signposting things clearly enough to our customers. That is absolutely not where we want to be. Since that point, we have really improved the way we signpost everything at British Airways so that people can make those claims.

Q156 **Mr Bradshaw:** It might be helpful, Lisa, if you also did something about the British Airways app, which is absolutely terrible. Stewart, you had a problem with air traffic control as well at Gatwick, didn't you, which is adding problems? Has that now been resolved?

Stewart Wingate: Air traffic control relies on the air traffic controllers—the ATCOs. It is a relatively tight team. When we look back over the summer season, one of our ATCOs resigned and we had one of our ATCOs go on maternity leave. That might sound like a very small number of ATCOs to reduce—

Q157 **Mr Bradshaw:** It had a big impact though. Luton did not have the same problems as you had.

Stewart Wingate: It can have a big impact. It essentially takes down the level of resilience in the service. When we look back over the summer, there were about five or six occasions when we had to reduce the flow rate for a number of hours. That can result in some schedule shift or, worst case, some cancellations.



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In terms of actions that we have taken, we have had a full pipeline of ATCO trainees. The problem that we had during the pandemic was that it was impossible to have those ATCOs signed off. You cannot sign off an ATCO at Gatwick unless the airport is actually running at full volume, and it simply was not running at full volume.

As we look forward, the good news is that we have transitioned the tower back to NATS. We have done that again, working with the airlines, and that happened over the weekend. It was the end of an 18-month project. The training pipeline is now coming through. NATS expect that they will actually have a new ATCO accredited this month, a further one in December, and then another one in January-time, which will start to build resilience back into the tower operation. They will continue training additional ATCOs to put more resilience in place ahead of summer next year. Of course, one of the advantages of us making the decision to move back to having NATS run the tower at Gatwick is that it gives us access to the NATS ATCOs. There will be a bigger bench from which we can train people up.

Q158 Mr Bradshaw: Are you all confident that there is now the resilience in the system to avoid these sorts of problems for the October half-term and for Christmas and new year across all of your operations?

Lisa Tremble: Yes. We are confident. We reduced our summer schedule by 13% to give our customers advance notice. The Heathrow cap is in place until the end of October, so we feel confident that we can run the schedule as planned over the October period. If we look back on August and September, we can see that the on-the-day cancellation rates of 0.13% are back to 2019 levels. That is for unforeseen circumstances—technical, or whatever.

Q159 Mr Bradshaw: Finally, I want to ask you, Lisa—correct me if I am wrong but I do not think it affects the other two—about any concerns you have about the situation with your services to India, given a decision by the Indian Government to scrap e-visas, which, as we heard from Simon, is causing huge distress and expense to thousands of British travellers, the travel industry and the Indian tourist industry.

Lisa Tremble: Yes. We work very closely with partners to make sure that we resolve those issues. At the moment we are not worried about that.

Q160 Mr Bradshaw: Are you not having to cancel flights? How are passengers flying with you to India if they cannot get visas?

Lisa Tremble: We are not cancelling. We have not cancelled flights to India.

Q161 Mr Bradshaw: What is happening to the passengers who cannot fly? Are you compensating them? If you do not know the answer, please write to the Committee.



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Lisa Tremble: I will write to you with the answer, but it is not something I am aware of at the moment.

Q162 **Mr Bradshaw:** TUI has cancelled a lot of flights over the next weeks because of this crisis.

Lisa Tremble: I will look into that for you and come back with the answer.

Mr Bradshaw: That would be really helpful. I think it is going to become a major problem for you and for other carriers after Christmas if it is not resolved. It would be helpful to know what British Airways is doing to try to persuade the British and Indian Governments to come to a proper, reasonable agreement.

Q163 **Ruth Cadbury:** Consumers who buy a washing machine are properly protected if that washing machine does not work. Both this Committee and the BEIS Committee have had extensive evidence from consumers and consumer representatives that the compensation system that is supposed to work is not working from airlines. They are not getting reasonable information, reasonable compensation or alternatives. The regulatory system is not strong enough anyway compared with other consumer issues. Do the airlines recognise this problem, and what are you going to do about it long term as a sector?

Lisa Tremble: Are you referring to the EU261 compensation process?

Q164 **Ruth Cadbury:** I am referring to the experience that passengers have been telling this Committee and Simon Calder about—consumer representatives have been raising it as well—in terms of the way they are treated when their flights are cancelled or delayed and they cannot travel, particularly families on holidays that they have saved up a lot of money for, for a long time. Overall, do the airlines recognise that there is an issue compared with other sectors that matter to consumers? What are the airlines prepared to do about it?

Lisa Tremble: We completely accept that this has been a really difficult year for British Airways and for the whole of the sector. We are really sorry for those customers that we have let down. Since the start of the pandemic, we have issued 4.8 million refunds and 4.2 million vouchers to customers. We are trying our best to do everything we can, and we always meet our legal obligations.

With reference to EU261, it is quite a complicated system. There is a particular category called “exceptional circumstance”. I think it would probably benefit airlines, airports, consumers and the Government to look at making that exceptional circumstance category much clearer so that consumers are absolutely certain about when they are entitled to it, and airlines understand what is classified as outside their control. There are some circumstances whereby, if you look at September for example, things are classified as exceptional circumstances. An example of that



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would be the state funeral, where we have to seek clarification as to whether or not we need to pay EU261. That slows the system down.

My recommendation to the Committee would be that it would be prudent for the industry to come together with the consumer organisations to look at how that works now that we are outside the EU and we have the flexibility to look at it to protect consumers.

Q165 **Mr Bradshaw:** How did the state funeral impact on the compensation scheme?

Lisa Tremble: It did because we had to cancel flights within the EU261 window.

Q166 **Mr Bradshaw:** Because you were not allowed to overfly London.

Ruth Cadbury: It is if somebody misses a funeral because—

Chair: No. Lisa is just clearing it up.

Ruth Cadbury: Sorry; the Queen's funeral. My apologies.

Lisa Tremble: Basically, for example, for the state funeral we had to cancel flights within the EU261 window to comply with air restrictions around London. That is an example. I agree with you, Mr Bradshaw; people do not understand why you would not get compensation in that circumstance but you would in another. My recommendation would be that this is an area that probably is too complicated.

Q167 **Mr Bradshaw:** That was outside your control.

Lisa Tremble: That was outside our control.

Q168 **Mr Bradshaw:** You could have re-routed people to other destinations, but it is quite clear to most people, including consumers, what is inside and what is outside an airline company's control.

Lisa Tremble: Not always. It falls under "exceptional circumstances" and that is the area where I think having some defined clarity around what is outside an airline's control and what is within an airline's control would probably help and, as you say, bring clarity to consumers.

Q169 **Ruth Cadbury:** It feels like airlines would rather pay as little as possible on as few occasions as possible than do what a lot of mainstream, consumer-friendly companies do, which is to be more positive and a little bit more generous.

Sophie Dekkers: If I talk from our perspective, we refund, as I say, within four days and the EU261 within 6.3 days. Our service level agreement is within 10 days, so we are meeting those agreements.

One of the things we did this summer to try to help customers—I completely agree with you that if you have families stranded in destinations, you want to try to help them as much as possible—was to



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extend our contact centre opening times from 7 am to 11 pm. It used to be 8 am to 8 pm. That was one of the things we put in place.

We have put in place the ability for people to self-serve through an app, in addition to that extended contact centre time. On the app there are three clicks. You can choose another flight or you can choose a refund. It sets out all of your alternatives. It is a three-click process to get your refund, to submit your receipts and to submit for EU261 compensation.

I agree, however, with what Lisa is saying around EU261 and the confusion there. In April and May, there was confusion about whether covid sickness was within our control or not within our control. We counted it as non-extraordinary, and we paid compensation when we had to cancel flights because of crew sickness. Other airlines did not because there was confusion.

There is a great opportunity now, post-Brexit, for us as an industry and as a Government to look at EU261 and a reform of that. I think clarity on what falls in and out of those different categories will help consumers, because they will know instantly whether it is something they are entitled to or not. It will be much clearer. There is a knock-on impact at the moment of an ATC delay at the beginning of the day that then means a crew goes out of hours by the end of the day. Customers are not clear whether that means they are entitled to compensation under EU261 or not. There is a great opportunity here for us to take lessons learnt and say, "How do we make this really simple for people?", so that they know what they are entitled to and can claim.

We would argue as an industry that EU261 compensation is imbalanced for the amount people pay for their tickets. You talked about someone's washing machine being broken. They will get a refund for their washing machine or a replacement of their washing machine. If someone has paid £50 for an easyJet ticket—regardless of what they pay, but on average it is £50—they are entitled to, depending on the length of the sector, somewhere around £250 compensation, as well as rerouting on another airline or on another easyJet flight and any expenses on hotels and so on. That is something we need to look at.

If you look at rail, they are only entitled to a proportion of their fare. Depending on the length of the delay you can get up to 100% of your fare refunded, but nothing over and above that. There is no EU261 equivalent in the rail industry. If we look across the transport sector, aviation is at a disadvantage because we have to pay very high levels of compensation for certain circumstances.

We have taken some lessons learnt this summer on making sure that we are much more responsive to customers and that we make it much more accessible for them to have compensation, but I think there is an opportunity for reform.

Q170 **Mr Bradshaw:** That compensation is set to reflect the inconvenience and



disruption that is caused to families stranded abroad. It is completely different from a train that is cancelled when the next train is going in half an hour or an hour. Do you not accept that? There is a difference in the degree of inconvenience and what passengers go through with families and kids whose one flight is cancelled, and they then have to hastily make arrangements to find a hotel? They have to try to put themselves on another flight as your systems do not have the capacity to put them on another flight because you are overwhelmed. It is a completely different thing comparing it to rail travel.

Sophie Dekkers: Our systems do have the ability to book people—

Q171 **Mr Bradshaw:** They do now, but they did not for quite a bit of the summer.

Sophie Dekkers: Which is what we brought in during the summer. This is why I am saying that we have significantly step-changed our processes. If you are disrupted now, the app will tell you, "Here is a hotel you can click," and it will secure your room for you.

I agree that 12 months ago, if someone was stranded, they would have had to put their hand in their pocket to pay for the hotel themselves. Maybe it is the end of their holiday and they have run out of holiday money. That is not acceptable. That is why this is a much better way of doing it. There is still a refund process, and they would be entitled to that, but it takes time. It is much better if they can do it through the app, where the hotel is prebooked for them and they do not have to pay for it. I think we are coming quite a long way along that journey. That is not to say there is not more that we could potentially do if we looked at EU261 compensation.

Chair: I was moving to reasons to be cheerful for a few minutes. Gavin, you want to come in. Are you within that band?

Gavin Newlands: Never.

Chair: Very briefly, because I want to talk about how we can get more people flying.

Q172 **Gavin Newlands:** Lisa, you mentioned a better understanding of "extraordinary circumstances". Sophie, you mentioned cancellations because of crew going out of hours and the functionality of the app these days.

I was not going to mention it, but this happened to me a few weeks ago. An easyJet flight got cancelled. I was very impressed with the app. Having waited two and a half hours, the flight was cancelled. It was not ideal, but the service was very good. However, the app and the announcement at the gate itself said that the flight was cancelled due to crew going out of hours, which in and of itself is a reason you can get compensation. Obviously, there can be air traffic control reasons behind that, but that was not said either at the gate or on the app. There was an expectation by everyone at the gate that compensation would be due.



Can that be improved? It would be such an easy way to let people know, so that they do not waste their time trying to get compensation.

Sophie Dekkers: A hundred per cent. In that instance, what happens is that the control centre looks at the most recent cause of the cancellation, which in that case was crew going out of hours. The root cause was the ATC delays earlier in the day that then meant the crew went out of hours.

As an industry, we are facing a challenge around air traffic control more broadly, in the fact that Ukrainian and Belarussian airspace is closed at the moment. A lot of traffic is now routing through a very narrow funnel across Europe. There will be many more knock-on delays with any traffic that is going through southern Europe. Anything that is going east-west now has to go through a much narrower funnel.

What we are doing for next summer—if you want to talk about positive things—is looking at our schedule to say that we cannot foresee that changing, unfortunately, in the near future and we cannot assume it will. Within the schedule, we now need to allow for the fact that ATC delays en route are going to be a bigger impact, and therefore how do we minimise the crew going out of hours? We need to take that into account when we build the schedule.

Q173 **Gavin Newlands:** That communication to passengers at the end is crucial, even if it is a push notification after that if you do not know the root cause at the time it is cancelled.

Sophie Dekkers: I agree, yes. I think that is good.

Q174 **Chair:** Reasons to be cheerful: you are back in business. It is something that we have scrutinised in terms of your inability to get customers flying. Now they are, and obviously there have been challenges in catching up. We absolutely recognise that you did not have very long to prepare. Some of it is understandable.

What is your one concern going into next summer—just one concern? What do you think is the biggest resilience issue at the airport and on the airlines?

Stewart Wingate: I do not think it is going to surprise you when I say that for me it is ensuring that the airline ground-handling companies are fully resourced with the right skillsets.

Sophie Dekkers: It is around the labour market and the very low unemployment, and how we attract more people. An obvious ask is going to be about international visas to enable us to have a bigger market to get into.

Q175 **Chair:** Coming back to ground handling, a theme I found when I was speaking to various people up in Birmingham last week was that that was a resilience issue. Do you think there is a different model? Lisa, you say that you employ. My understanding is that you have different companies, and they might be offering someone next door a little bit more money



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and then you just move around.

I understand there might be legal issues with this, but given that it is across the airport, why doesn't the airport take control of ground handling rather than the individual airlines? Is there a legal reason why you cannot do that, Stewart?

Stewart Wingate: Many years ago, the large airports across Europe used to provide their own ground-handling services, but that was changed and the market was, essentially, put into a free market, with the airports not encouraged to offer, and perhaps prohibited from offering, the ground-handling services. Then other companies emerged to offer those services.

As part of the review, it is important that all options are looked at. Essentially, what we are trying to achieve are effective and efficient ground handlers. They need to offer the services, I suggest, at the right cost for the airlines and for passengers, but with the right service levels. That is the key to success.

At Gatwick, we have worked with our airlines extensively over the last five or six years. By the way, it is important to point out that we are not at all criticising the people who are the ground handlers. They have worked exceptionally hard this year.

Q176 **Chair:** That has not come across at all. It strikes me that it is the model and the system. If it was airport-wide, you could flex a bit more across the carousels, for example.

Stewart Wingate: At Gatwick, the approach we have taken in recent years, which I think in due course should serve us well, is to work with the airlines to try to structure it in such a way that, for example, easyJet uses DHL. Most people would argue that DHL are very reputable. They are actually new to the passenger ground-handling industry. It is something that we worked in partnership with easyJet to develop, for us to license them and then for easyJet to contract with them. They exclusively handle easyJet at Gatwick, which I think in the future will stand us in good stead.

I think the key issue that they had was that this was an enormous ramp-up in a very short period of time, likewise with British Airways. It is a slightly different model at Gatwick, but there is a wholly owned subsidiary of British Airways called GGS which only handles the IAG airlines. The way that is set up in the future, if we look forward to 2023—indeed for the winter season—can work very well, as long as the handling agents can get the correct resource and the right skill levels in place.

Q177 **Chair:** The reason I make the suggestion is that Lisa's organisation can flex across IAG, but, if the resources are so scarce, you cannot flex them from IAG into easyJet, whereas, if they belonged as an asset to the airport, you could.



Stewart Wingate: At Gatwick, for example, easyJet are approximately 50% of our passenger volumes. There is scale on an extraordinary basis with easyJet. I would argue for DHL to offer a good service, as they did pre-pandemic.

As we have already said, GGS can serve the different IAG airlines and, to some extent, balance their resources. When we move beyond that, we actually have handling agents who try to level out the contracts they take so that they can get the benefit of the resources they have across the day by having a range of airlines that they serve. For me, the important thing is the Government review. Indeed, we have our part to play. The important thing is that we look at it in a laser-like fashion for 2023, making sure that the ground handlers can be resourced with the right number of people and that, importantly, those people are skilled.

One of the constraints we all recognise—both of my colleagues here have already mentioned it—is that it is a tight labour market. All avenues to ensure that the correct level of resource and skill is brought in over the winter should be explored in the Government review.

Q178 **Chair:** It has been suggested to me that the CAA could have a role to play there if it puts minimum service level standards into the contracts. There is a concern that the contracts are still being made and it is all about best price rather than what service you can deliver for that price. I am not suggesting that is the case, not least, Lisa, because you employ them or you, Sophie, for easyJet. Is that a sensible suggestion? Could there be better interventions to ensure that we do not just race to the bottom? As we know, it is a domino effect in an airport. If one bit goes, other parts go as well.

Sophie Dekkers: One of the things that has changed in the last couple of years has been moving away from the duopoly of ground handling, which was predominantly Swissport and Menzies. It had been that position for a very long time. We have introduced new providers like DHL, who are experts at logistics so should be experts on the ground. That is why we moved away and disrupted the market a bit. We started that at Gatwick. It worked really well. We now have them at Bristol and in other UK airports as well.

SLAs are our key focus in on-time performance and customer satisfaction. Those are all the things that we focus on rather than a race to the bottom. Bringing in new technology, new ideas and new thinking from outside the industry by bringing in DHL was exactly to serve that purpose and to say, "Look, it's been the same for years." To a certain extent, it has been fairly stable. There has not been any new thinking about how we can make the experience even better for customers. I think disrupting the market and bringing in new providers is a good thing, rather than just having a single provider across the airports. You can actually develop in that way.



I go back to the labour shortage more broadly. That is the biggest risk for next year. That is why the ground handlers are starting recruiting now. We have started recruiting for our cabin crew two months earlier than we normally would because we recognise not only that there is a longer time to recruit in terms of ID processing, but that the market is much more constrained than it has ever been before. Previously, we were rejecting around 2% of applicants due to them being international applicants who we were not able to offer UK employment. Now, we are having to reject around 40% of applicants because of that, because we cannot use resource from within Europe to be part of our growth.

Q179 **Chair:** Time is marching on. This is the very last question. Stewart, if I had asked you this two years ago you would have thought I was mad. Is airport expansion back on the table as far as Gatwick is concerned? You had plans pre-pandemic. What does it look like now for Gatwick's future?

Stewart Wingate: We published our latest masterplan in 2019. Obviously, we publicly consulted on that beforehand. Shortly thereafter, the pandemic hit us really hard. One of the areas of our investment programme that we did not turn off was the work preparing the development consent order for the routine use of our existing stand-by runway. We continued that work throughout the pandemic period. I think I updated the Committee on that the last time I appeared.

We have now done a further public consultation on our proposals. The first was at the end of last year. It ended on 1 December. We then did a second in summer this year. As I sit here today, we are in the final few months of finalising the proposals and the application, which we expect to lodge with the Planning Inspectorate towards the end of quarter one next year. We should be in examination under the guys at the Planning Inspectorate in the second half of next year. That could roll into the beginning of 2024. Very much from the airport perspective, we hope that we make the case and that our environmental mitigations stand the test of time—we think they will—and that we get the approval to routinely use the stand-by runway in the future, once we have done the construction works, particularly out on the airfield.

Q180 **Chair:** And increase your capacity by how much?

Stewart Wingate: We will take the peak hourly movements from today, where we schedule at about 55 movements per hour, to somewhere just over 70 movements per hour, as long as we get the permission through.

Chair: There we are. For those who want to fly more, that is the reason to be cheerful.

Ruth Cadbury: And those who care about climate change—

Chair: Stewart, Sophie and Lisa, thank you ever so much, on that positive note. We are very grateful indeed for all the evidence you have given us. We wish you a good rest of your day and a good season ahead. Thank you very much indeed.