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Chairman and CEO



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Mr Huw Merriman MP
Chair, Transport Select Committee
House of Commons
London, SW1A 0AA

by email

Dear Huw,

Thank you for giving me the opportunity last week to explain to your Committee the measures British Airways is having to take in response to the COVID-19 crisis and to cover some of the steps we hope HM Government will take to help us get back to doing what British Airways has done for 100 years: connecting Britain with the world.

I hope I was able to reassure you and your colleagues over the concerns expressed about British Airways' restructuring, something we have been forced to undertake due to the devastating impact of COVID-19, but also to inform the Committee of the challenges we and the rest of the industry face at this unprecedented time.

I am pleased to be able to give you a further update on the progress we are making in our consultation process to reach agreements with our Trade Unions and respond to the crisis as we prepare for a new future.

Since I appeared before you, we have secured agreements with colleagues in all of the major areas of the business. Our cabin crew colleagues voted overwhelmingly in favour of the agreement we reached with their representatives, Unite. This achievement means that we will have a single and fully integrated fleet of cabin crew ready to operate flights across the world – as soon as government restrictions are eased, including in the UK. Equally importantly, in the last week we have also seen our cabin crew at Gatwick and Ramp staff at Heathrow vote in favour of deals negotiated with their unions.

But our work continues and we are still consulting with a number of colleagues in specific groups in full compliance with the relevant legislation. Our position has been very clear throughout: that we wish to come to an agreement, one that is in their interests and in the interests of all of British Airways. The changes being made are saving jobs and mitigating redundancies but I fully recognise that there are sacrifices being made by colleagues in every part of our airline at this difficult time.

I said that I would provide some specific information in response to questions from the Committee in the following areas:

1. **Armed Forces Support Scheme, Royal Air Force (AFSS)** – I am very pleased that we have been able to continue our close relationship with the RAF, in this context to use the AFSS scheme to enable some British Airways pilots to return to the RAF while remaining employees of British Airways. In total we have been able to facilitate this for 11 colleagues. A further 20 pilots who applied to re-join through the scheme have sadly left British Airways (one through voluntary and 19 through compulsory redundancy) in line with the process agreed with their union, BALPA. Such is the scale of our reduced flying programme, and the continued and deteriorating impact of the Covid-19 crisis, that redundancies are inevitable under that process. That process provides opportunities for those dismissed, whether on the AFSS scheme or not, to return to British Airways should the opportunity arise.
2. **Profile of colleagues leaving the business** – The very difficult process we are going through is not complete and I am therefore not yet able to provide a numerical breakdown on this topic to the degree of accuracy I would like, or that the Committee deserves. My team is continuing to collect and collate data and I will write to you again, which I hope will be possible around the end of the year, when a full picture is available.

The Committee will be reassured, I hope, that the selection process for retaining employees has been based on factors consulted over with the unions. These factors included a combination of performance, attendance, conduct and skills.

No specific groups of colleagues have been targeted as part of our restructure. We have made changes at every level, in every department across the business. Our process and criteria are fair and do not discriminate on the grounds of ethnicity or age, which I understand were the two concerns Committee members raised, or on any other grounds.

I want to reassure you in particular that we have reviewed all our selection data in every area of the business to ensure there is no indirect disadvantage for employees of particular groups, details of which we continue to share in the consultation process.

3. **Costs saved due to restructuring** – It is entirely due to this unprecedented crisis that British Airways is having to reshape its business to save as many jobs as possible. This is absolutely essential for us to be able to compete in a structurally changed industry. As such, the costs saved by restructuring are a vital part of the airline's survival.

I am sorry that I am not able to tell you what proportion of overall costs the changes will represent because the process is not yet complete. We will provide this information when our annual results are finalised in February next year. I will write to you again then.

As I am sure the Committee will understand from my evidence and from your detailed and exhaustive scrutiny, this is the very worst crisis British Airways has ever faced. COVID-19 has devastated our business.

The US, our largest market, is still closed, as is most of the rest of the world. At the height of the crisis for aviation in May and June we flew just 5% of our normal operations. In the first week of September we were back to carrying only 20% of the number of passengers we did at the same time in 2019. It is a sad, but inevitable fact that fewer customers mean fewer flights, mean fewer aircraft and, in turn, fewer people to operate them. We are still burning around £20m cash every day and recovery in our industry is painfully slow.

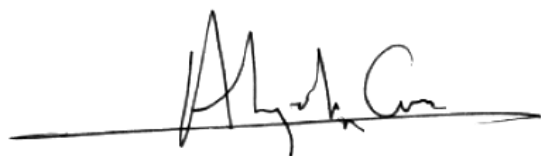
I trust I have shown in my evidence that as Chairman and Chief Executive of British Airways, I have to take responsibility for re-shaping the business and I cannot ignore the situation Covid-19 has created. I deeply, deeply regret that too many loyal and hardworking British Airways' staff are losing their jobs and I completely understand why you and many other MPs are concerned.

But, the very many difficult decisions we have taken and the constructive discussions we have now had with all unions have led to much positive progress which will save jobs.

It is gratifying to see that the hard work of my team and the union negotiators is finally paying off – I will continue to fight to ensure British Airways can play its full part in the UK's recovery from this appalling crisis.

I look forward to working with you to help British Airways and the entire aviation industry recover and get back to delivering so much economic and social benefit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alex Cruz', written over a horizontal line.

Alex Cruz
Chairman and CEO
British Airways