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Huw Merriman MP
Chair of the Transport Committee
House of Commons
London SW1A 0AA

By email to: huw.merriman.mp@parliament.uk
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Dear Huw

Many thanks for your recent letter. I am glad that Alex Cruz was able to reassure the Committee on the issues raised when he appeared before you in September.

I have set out below a response to the questions you asked in relation to progress in British Airways' restructuring due to Covid-19, customer service manager contracts and slots. I have also included some information on the topic of the age profile of pilots leaving the business which I understand the Committee was interested in.

Restructuring due to Covid-19

The impact of the pandemic on airlines across the world has been severe and British Airways has been working tirelessly to get through the immediate, and ongoing, crisis, as well as prepare for a very different future. In doing so all our efforts have been directed towards saving jobs and making sure that we are fit to meet the challenges ahead.

Since the Committee session in September, agreements have been reached with the Trade Unions representing the main staff groups across British Airways. As you point out, those agreements avoid the signing of new contracts through agreed variations to existing contracts, as we have endeavoured to achieve from the outset of the consultation process.

From our cabin crew community, no Cabin Service Managers (CSMs) were required to sign new contracts or were given new contracts for old. CSMs in the former Mixed Fleet, along with others in the cabin crew community, were sent variation letters which amended their terms in accordance with the agreement reached with Unite the Union. The same applied to our employees in Engineering and elsewhere, except where employees were taking on a new role or jobs at a different grade, such that a new contract of employment was necessary.

The only group of employees that have been asked to sign new contracts are those in our Cargo operation, where agreement with the Trade Unions is still pending. As it stands more than 98% of our Cargo employees have signed those new contracts, and we remain in talks with Unite and the GMB to reach an agreement.

Customer Service Manager Contracts

You asked about the pay settlement for the CSMs previously employed in what was formerly our Mixed Fleet. The agreement in relation to this group of employees was reached on 21 September and set out in a collective agreement, the details of which are as follows.

The basic pay rate for CSMs moving from the former Mixed Fleet CSM role to the new role of Inflight Manager (IFM) is £28,000, along with an hourly allowance (Duty Pay) of £4 per hour for flying duties and applicable ground duties. In addition, they receive a tax-free subsistence payment (based on HRMC rates), a "per diem" subsistence payment for operating certain routes and an additional allowance of £20 per-day for short-haul duties without a night stop. There are no specific additional allowances for delayed flights. For most employees in this category, these new allowance arrangements are more favourable than their previous allowances.

As regards basic pay:

- Those whose basic pay was below £28,000, receive a pay rise to take them to £28,000
- Those whose basic pay was between £28,000 and £28,999, retain their current basic pay
- Those employees whose basic pay was £29,000 or above, receive the higher of:
    - (i) £29,000; or
    - (ii) 85% of their current CSM basic pay.

This pay protection will be in the form of a two-year step down. In the first year, colleagues receive 95% of their current CSM basic pay and from the 2nd year, and onwards, colleagues will receive 85% of their current CSM basic pay.

Mixed Fleet CSMs who were unsuccessful in obtaining the new IFM role and are moving to the Cabin Crew role will receive pay protection equal to 75% of their current CSM basic pay in year 1, and 65% of their current CSM basic pay in year 2 and onwards. They will also receive all of the allowances set out above.

As per the agreement with Unite, colleagues in receipt of pay protection would remain at their protected basic pay until the base rate for the role is equal to or higher than the protected rate.

These and all the changes to the contracts of those previously employed as CSMs have been made via agreement with Unite and have been widely accepted by individual employees. We have not required settlement agreements from these employees and are not anticipating doing so. A number of employees who were previously employed as Mixed Fleet CSMs have of course decided to leave the airline on a voluntary basis and, in most cases, have signed settlement agreements.

Staff travel eligibility for both serving and former employees is a non-contractual and discretionary benefit.

Age of Pilots

In his evidence Alex Cruz promised to provide information on the age profile of pilots leaving the Business. Eighty per cent of pilots were successful in retaining a role at British Airways. Following, of course, processes agreed with their union, the remaining 20% of pilots either left the business or entered a holding pool. Those in the pool represent 38% of that 20%. These pilots remain in employment ready to be deployed when demand returns but are not currently flying. For the pilots who left the business, the age profile is as follows:

- 28% were aged 18 – 29 years
- 26% were aged 30 – 39 years
- 46% were aged 40+.

I should say that I am confident that the process and criteria we adopted for the restructuring both for pilots and overall were fair and did not discriminate on the grounds of age nor on any other grounds (including therefore ethnicity and gender). Decisions on selection for redundancy for employees who went through the process were based on objective criteria, such as: performance, attendance, conduct and skills. We consulted over all these criteria with our Trade Unions.

No specific groups of colleagues were targeted as part of the restructure and the resulting changes have been made at every level and in every department across the business. There has been no direct or indirect disadvantage for employees of any particular group.

Slots

Thank you for the reminder of the Committee's interest in the percentage of slots that British Airways leases out to other airlines including other International Airlines Group carriers.

I am happy to set out the position on leasing slots at Heathrow and Gatwick.

British Airways aims to use its slots to operate services in response to demand from its customers. We therefore tend to lease in slots at congested airports. You will be aware that British Airways has a smaller share than its international European competitors at their hubs, such as Lufthansa at Frankfurt or Air-France-KLM, and far smaller shares than competitors in the Middle East and the US have at their hubs. We therefore tend to seek to increase our share to compete in this global market.

However, at Heathrow in the IATA season Summer 2019, to satisfy competition remedies, 5.1% of British Airways' slots were leased to other airlines. Note that in the same season, British Airways leased in 2.9% of its Heathrow slots from other airlines, of which the majority (2.0%) was from fellow IAG carrier Iberia.

At Gatwick in the same season British Airways leased out 1.0% of its slots to IAG carrier Vueling and leased out a further 5.1% to other airlines. The total has today reduced to 2.8% of slots being leased out.

These slots are, of course, used to support our services to the largest range of destinations of any UK carrier. British Airways has played the most significant role in the UK's connectivity for decades, supporting the country's prosperity and bringing the often undervalued social benefits of travel to so many people. We look forward to doing so for decades to come and as the company's new CEO I look forward to working with you as our airline, and the sector, recovers over time.

Yours sincerely

Sean L Doyle
Chief Executive Officer