



House of Commons
Transport Committee

The opening of Heathrow Terminal 5

Twelfth Report of Session 2007–08

*Report, together with formal minutes, oral and
written evidence*

*Ordered by The House of Commons
to be printed 22 October 2008*

HC 543

Published on 3 November 2008
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Transport and its associated public bodies.

Current membership

Mrs Louise Ellman MP (*Labour/Co-operative, Liverpool Riverside*) (Chairman)
Mr David Clelland MP (*Labour, Tyne Bridge*)
Clive Efford MP (*Labour, Eltham*)
Mr Philip Hollobone MP (*Conservative, Kettering*)
Mr John Leech MP (*Liberal Democrat, Manchester, Withington*)
Mr Eric Martlew MP (*Labour, Carlisle*)
Mr Mark Pritchard MP (*Conservative, The Wrekin*)
David Simpson MP (*Democratic Unionist, Upper Bann*)
Mr Graham Stringer MP (*Labour, Manchester Blackley*)
Mr David Wilshire MP (*Conservative, Spelthorne*)

The following were also members of the Committee during the period covered by this report:

Mrs Gwyneth Dunwoody MP (*Labour, Crewe and Nantwich*)
Mr Lee Scott (*Conservative, Ilford North*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/transcom.

Committee staff

The current staff of the Committee are Annette Toft (Clerk), Jyoti Chandola (Second Clerk), David Davies (Committee Specialist), Alison Mara (Committee Assistant), Ronnie Jefferson (Secretary), Gaby Henderson (Senior Office Clerk) and Laura Kibby (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6263; the Committee's email address is transcom@parliament.uk.

Contents

Report	<i>Page</i>
1 Introduction	3
2 Training and testing	5
Staff training	5
Public trials	6
3 Communication	7
Staff and management	7
BAA and British Airways	7
4 Lessons learned	9
5 Conclusion	9
List of recommendations	10
List of Reports from the Committee during the current Parliament	13

1 Introduction

1. BAA opened Heathrow's fifth terminal for business on 27 March, after six years of construction at a cost of £4.3bn, on time and within budget. Passengers had been promised a "calmer, smoother, simpler airport experience".¹ Multiple problems, however, meant that on the first day of operation alone, 36,584 passengers were frustrated by the 'Heathrow hassle' that Terminal 5 (T5) had been designed to eliminate.² What should have been an occasion of national pride was in fact an occasion of national embarrassment. Problems were experienced with the baggage system, car parking, security searches and aspects of the building itself. When the baggage system failed, luggage piled up to such an extent that it was transported by road to be sorted off-site. According to British Airways, 23,205 bags required manual sorting before being returned to their owners.³ We found that most of these problems were caused by one of two main factors: insufficient communication between owner and operator, and poor staff training and system testing. Over the course of our inquiry, we were pleased to find that steps were being taken at all levels to address the problems at the source of T5's problems.

2. During questions following a statement to the House on 31 March 2008 on T5 by the Minister (Jim Fitzpatrick), the then Chairman of the Committee, the late Gwyneth Dunwoody, asked:

"Will the Minister press both BAA and BA to answer some simple questions? How much training was given to baggage handlers? What facilities were available for people to get to work efficiently and on time? What is the real timetable for putting things back into operation after these disasters? If we do not have the answers to those questions soon, not only will the problem continue but it will continue to make Heathrow a disaster area."⁴

3. The Minister commented that "my hon. Friend and her Committee will take a keen interest in these matters".⁵ We invited BAA, British Airways and Unite to explain what happened before, during and after the opening of Heathrow's fifth terminal. During our first session on 7 May, we took evidence from BAA and British Airways. Representatives from BAA were unable to answer many of our questions, but committed themselves to providing a supplementary memorandum and appearing again if we had further questions. They did so on 9 July, when representatives from Unite gave the perspective of the many workers who bore the brunt of the public frustration, and those who struggled behind the scenes. Between evidence sessions, we visited T5 to see for ourselves where things went wrong and what British Airways and BAA had done to address the problems. **We were concerned that during our first evidence session, representatives from BAA were unhelpful and ill-prepared. They provided us with no satisfactory explanation as to how this national embarrassment had been allowed to unfold.**

1 "Final preparations for Terminal 5", British Airways press release, 18 March 2008

2 Ev 53

3 Ev 54

4 HC Deb 31 March 2008, col 431

5 Ibid.

4. In *The future of BAA*, we concluded that “serious questions [have been] raised over mismanagement of resources and failure to plan adequately for contingencies which were far from unexpected, let alone inconceivable [...] [BAA] should have predicted the predictable, and planned accordingly”.⁶ In our 2007 report on *Passengers’ Experiences of Air Travel*, we noted that “lost and mishandled baggage is one of the biggest areas of complaint for air passengers”.⁷ British Airways has the sole use of T5, and in 2007, 26.5 of every 1,000 bags it handled were subject to delay, according to the Association of European Airlines.⁸ This was the second-worst performance of the AEA’s twenty-six members. It was hoped that the level of integration offered by the new system at T5 would change this.

5. The baggage handling system around which T5 is constructed was designed by Vanderlande Industries of the Netherlands in conjunction with IBM technology and Alstec, which operates the system. Vanderlande has constructed baggage handling systems for many of the world’s largest hub airports, including Hong Kong International Airport (1998) and Amsterdam Airport Schiphol (2001). Although the system employs no unproven technology, the scale of the system at T5 is greater than anywhere else in the world.⁹

6. The opening of a new airport or terminal carries a significant degree of risk. Many major openings have been affected by problems such as those experienced at T5. Denver Airport in particular (1995) experienced serious problems with its baggage handling system. Kuala Lumpur’s airport (1997) and Hong Kong International (1998) also experienced problems, notably with lack of staff familiarity. The chances of there being serious disruption when the ‘ON’ switch is pressed are undeniable. However, at a press conference held a fortnight before T5 opened, BAA’s strategy director Mike Forster is quoted as having said “We have a world-class baggage system that is going to work perfectly on day one”.¹⁰ A full account of what didn’t work on day one, and for some time thereafter, is given in both BAA’s and British Airways’ written evidence to the Committee.¹¹

7. BAA stated in its written evidence to the Committee that “the opening of Terminal 5 carried inherent risks”.¹² As we discovered, several of these inherent risks combined with one another, resulting in the disruption that occurred at the end of March. Although there was no ministerial responsibility involved, we felt it was important to publish a brief summary of the evidence we received.

6 Fourth Report of Session 2007–08, *The future of BAA*, HC 119, para 62

7 Eighth Report of Session 2006–07, *Passengers’ Experiences of Air Travel*, HC 435-I, para 121

8 “AEA consumer report for 4th quarter and annual 2007”, *Association of European Airlines*, files.aea.be/News/PR/Pr08-006.pdf

9 “Terminal 5: Information”, BAA, www.baa.com

10 “Unions had warned BA that ‘Big Bang’ move would cause chaos”, *The Times*, 29 March 2008, p 36

11 Ev 43–44; Ev 53–55

12 Ev 42

2 Training and testing

Staff training

8. We found that the programme of training for many workers had been inadequate. There were high levels of staff participation in, and completion of the training courses.¹³ However, speaking on behalf of British Airways employees, Mr Iggy Vaid argued that the training was insufficient. He told us that:

“People were taken to a hotel and shown some sort of film or slides and told this was what it looked like. They were then given familiarisation training for three days to cover an area as big as Hyde Park. That was not sufficient at all. For that reason people were totally confused. Two days out of the three were devoted to putting them into a coach to show them *x*, *y* and *z*, and where to enter and exit and so on, but what was missing was hands on training as to where the spurs were, where the bags would come in and so on. For baggage in particular it was still a building site. You cannot start to train people there unless you have on a hard hat and all the rest of it. Therefore, the only time available to show these people around was the very last few weeks.”¹⁴

9. British Airways accepted that the training had not been sufficiently thorough, and gave a partial explanation in its first written submission: “In hindsight, we should not have absorbed the continuing building delays by compromising the time needed to complete the full testing and familiarisation process as planned. We should have delayed the move on 27 March to allow the full programme to be completed”.¹⁵ However, on 7 May, Willie Walsh, British Airways’ Chief Executive, gave us a slightly more nuanced account, when he told us that:

“The idea of just delaying things by a month was not necessarily an option that was available to us. I think, in reality, what we would have been considering was a delay of a season, which is from March to the end of October—that is the summer operating season—and, in effect, to delay the move for a full six months until the winter scheduling season because this is very complex [...] my regret is that we did compromise on the testing programme [...] we knew this was a risk, it was a calculated risk and a risk that I agreed to take.”¹⁶

10. The cost to British Airways of delaying would have been “significantly greater than the cost [...] incurred as a result of the problems that we encountered in the first few days.”¹⁷

13 Q 116

14 Q 193

15 Ev 55

16 Q 165

17 Q 169

Public trials

11. Before T5 was opened, BAA held a series of public trials which were intended to identify and iron out any flaws in the operation of T5. According to data published by BAA, 15,000 volunteers took part in 66 trials creating 50,000 ‘passenger profiles’, which were intended to “replicate all possible travel scenarios”.¹⁸ According to BAA, 400,000 bags of different size, shape and weight were put through the system before Terminal 5 opened.¹⁹

12. BAA told us in written evidence that:

“Approximately 15,000 members of the public and all terminal stakeholders participated in our proving trials programme. BA worked jointly with us for over two years on the programme. The trials were designed to stress-test the building to expose issues and problems and many improvements to the terminal were introduced as a result of feedback gained from trial passengers and staff.

“We made numerous improvements as a result of feedback from proving trials. As an example of just some of the changes: we introduced a more flexible approach to security channels; improved way-finding throughout the terminal; altered seating layouts at gates; installed faster software at ticket presentation to speed up wait times; and altered messaging on self-service kiosks to make it clearer for passengers.”²⁰

13. BAA also told us that “despite the vigorous tests that took place, it was inevitable that once real passenger bags were introduced into the system, there would be bedding-in issues”.²¹ We were interested in the distinction between a real passenger bag and a test bag, and followed it up in oral evidence. Colin Matthews said “It may have been that the baggage we were testing was too uniform [...] Maybe the reality of the baggage that people put into the system was more diverse than our tests represented.”²²

14. The proving trials may have succeeded in identifying improvements and enabling members of the public to experience the new terminal but they failed in the ultimate objective of getting the system to a point where it worked well enough to cope with the opening successfully. The chaotic scenes of late March and early April could, and should have been avoided through better preparation and more effective joint working.

18 “Terminal 5: Information”, BAA, www.baa.com

19 Ev 45

20 Correspondence from Colin Matthews

21 Ev 45

22 Q 72

3 Communication

Staff and management

15. We asked representatives from Unite to tell us how they had communicated with management at BAA and British Airways in the run-up to the terminal's opening. Steve Turner, national secretary for aviation, told us that: "members and shop stewards locally had been raising concerns both within BAA and BA for a considerable period in relation to the opening of T5", but that "no consideration was given to the response from the trade union side."²³ Stanley Peters—a shop steward working for BAA—explained that union representatives:

"had several meetings with the company prior to T5; they started in 2006. We said to the company that the way it was going would not work. Based on our own experience having worked there for years no technology can take that away. Based on our experience we said that they must listen to what we said and do it this way, but we were told that, no, it was a state-of-the-art building and everything would work and be all right."²⁴

Jackie Reed, trade union side secretary at Heathrow, said that these meetings

"were more presentations about how it would work, the size of the building and that sort of thing. Once we started to get into deeper discussions obviously they were about this was how it would work, it was an opportunity to bring in state-of-the-art equipment and this was how it would be."²⁵

16. The evidence we received indicated that both BAA and British Airways were aware that the processes being introduced at Terminal 5 were ones with which the unions were not entirely happy. Willie Walsh agreed that the training should have been completed, but we cannot help thinking that the programme of training for non-security staff—whose training was described by Jackie Reed as "pretty powerful"—should have been much more thorough.²⁶

BAA and British Airways

17. When asked what he thought caused the problems which hampered the opening, Colin Matthews told us that:

"however well the airport operator and the airline operator, BA, are working it is also vital that the two are absolutely integrated and together. I think that during the construction of Terminal 5 that appeared to be the case. Around about or just prior

23 Qq 198–199

24 Q 201

25 Q 203

26 Ibid.

to the opening of T5 it seems that that togetherness deteriorated. It is that togetherness that allows you to cope with the issues that arise on the day.”²⁷

He added that, if he had his time again, he “would focus resolutely and determinedly on keeping British Airways and BAA in the same room tightly together”.²⁸

18. To this end, together with British Airways, BAA has instituted

- a daily T5 operations meeting, attended by the senior BA and BAA managers and their immediate teams, to review the previous day’s operating performance and implement any necessary actions;
- a weekly BAA/BA joint meeting to review the performance of the baggage operations at T5; and
- a weekly BAA/BA meeting to assess progress in ensuring the remaining BA flights from Terminal 4 can be switched to T5 according to the proposed timetable.²⁹

19. It is too late to know for sure whether taking these measures sooner would have prevented some or all of the problems that arose in March and April. Our suspicion is that they would have, given the successful second batch of moves from T4 to T5 on 5 June. It is therefore deeply regrettable that these steps were not taken before the opening. We are glad that BAA and British Airways have now taken them.

27 Q 278

28 Q 281

29 Ev 46

4 Lessons learned

20. During the course of our first evidence session on 7 May, we asked BAA for a note on the lessons they had learned from the opening of T5. In the document they sent us, they told us that they had found it necessary:

- to refine the parameters for live monitoring of baggage performance;
- to over-provide for staff search and control posts on the opening day;
- to establish a joint BA/BAA crisis management team at terminal level for critical events and crisis situations; and
- to ensure a direct link between the BAA and BA baggage and logistics teams with early warning indicators and protocols established for decision making in critical baggage operational scenarios.³⁰

21. In addition to these specific measures, Colin Matthews—upon becoming Chief Executive on 1 April 2008—restructured the Executive Committee to focus effort on improving standards, particularly at Heathrow. Steve Turner associated this restructuring with improved communication between staff and management at BAA, when he said that:

“the managerial structure of BAA will facilitate a much better working relationship with the trade unions in future. BA is a different animal; BA will always be BA. We will continue to represent the interests of our members in BA. Whether or not that brings us into conflict with BA's management team is a different story, but BA has a particular style; it is led and managed with a particular style and I do not see any significant changes to it.”³¹

We are pleased that strategic changes at BAA have improved relations with the trade union side.

5 Conclusion

22. The opening of Terminal 5 revealed serious failings on the part of both BAA and British Airways. Like both organisations, we acknowledge the inevitability of ‘teething problems’ but deeply regret that so many were allowed to bring the operation of Heathrow’s newest terminal to a halt. Nevertheless, we are glad that our inquiry has enabled the BAA, British Airways and Unite to describe how they are working together to make Terminal 5 a success.

23. We note the Competition Commission’s publication of its provisional findings in its inquiry into BAA. This reinforces the view we have previously expressed, that BAA is a monopoly that needs to be broken up.

30 Ev 47–48

31 Q 249

List of recommendations

1. We were concerned that during our first evidence session, representatives from BAA were unhelpful and ill-prepared. They provided us with no satisfactory explanation as to how this national embarrassment had been allowed to unfold. (Paragraph 3)
2. We note the Competition Commission's publication of its provisional findings in its inquiry into BAA. This reinforces the view we have previously expressed, that BAA is a monopoly that needs to be broken up. (Paragraph 23)

Formal Minutes

WEDNESDAY 22 OCTOBER 2008

Members present:

Mrs Louise Ellman, in the Chair

Mr David Clelland
Mr Philip Hollobone
Mr John Leech

Mr Eric Martlew
Mr Graham Stringer

Draft Report (*The opening of Heathrow Terminal 5*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 23 read and agreed to.

Resolved, That the Report be the Twelfth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Wednesday 29 October at 2.30 pm.]

Witnesses

Wednesday 7 May 2008

	<i>Page</i>
Sir Nigel Rudd , Chairman, Colin Matthews , Chief Executive Officer, BAA	Ev 1
Willie Walsh , Chief Executive, British Airways	Ev 11

Wednesday 9 July 2008

Mr Steve Turner , National Secretary for Civil Air Transport, Mr Iggy Vaid , Senior Shop Steward, Mr Rizwan Aziz , Branch Chair, BAA Heathrow, Ms Jackie Reed , Trade Union Side Secretary, BAA Heathrow, and Mr Stanley Peters , BAA Shop Steward, Unite – the Union	Ev 22
Mr Colin Matthews , Chief Executive, and Mr Terry Morgan , Acting Managing Director, Heathrow Airport, BAA	Ev 30

List of written evidence

1	David Morton of Uniglobe Travel (British Isles)	Ev 37
2	Mick Curran	Ev 38
3	Peter Rickard	Ev 38
4	City of London Corporation	Ev 40
5	Independent Airport Park and Ride Association	Ev 40
6	BAA	Ev 42, 45
7	Civil Aviation Authority (CAA)	Ev 48
8	Department for Transport	Ev 51
9	British Airways plc	Ev 52, 56
10	Unite the Union	Ev 57
11	Peter Hancock	Ev 57

List of Reports from the Committee during the current Parliament

Session 2007–08

First Report	Galileo: Recent Developments	HC 53
Second Report	The London Underground and the Public-Private Partnership Agreements	HC 45
Third Report	Work of the Committee in 2007	HC 248
Fourth Report	The future of BAA	HC 119
Fifth Report	Ticketing and Concessionary Travel on Public Transport	HC 84
Sixth Report	The Blue Badge Scheme	HC 475
Seventh Report	Department for Transport Annual Report 2007	HC 313
Eighth Report	Freight Transport	HC 249
Ninth Report	The Draft Marine Navigation Bill	HC 709
Tenth Report	Delivering a sustainable railway: a 30-year strategy for the railways?	HC 219
Eleventh Report	Ending the Scandal of Complacency: Road Safety beyond 2010	HC 460
Twelfth Report	The opening of Heathrow Terminal 5	HC 543
First Special Report	Galileo: Recent Developments: Government Response to the Committee's First Report of Session 2007–08	HC 283
Second Special Report	The London Underground and the Public–Private Partnership Agreements: Government Response to the Committee's Second Report of Session 2007–08	HC 461
Third Special Report	The future of BAA: Government Response to the Committee's Fourth Report of Session 2007–08	HC 569
Fourth Special Report	Ticketing and Concessionary Travel on Public Transport: Government Response to the Committee's Fifth Report of Session 2007–08	HC 708
Fifth Special Report	Department for Transport Annual Report 2007: Government Response to the Committee's Seventh Report of Session 2007–08	HC 1102
Sixth Special Report	Freight Transport: Government Response to the Committee's Eighth Report of Session 2007–08	HC 1103
Seventh Special Report	The Draft Marine Navigation Bill: Government Response to the Committee's Ninth Report of Session 2007–08	HC 1104
Eighth Special Report	Delivering a sustainable railway: a 30-year strategy for the railways?: Government Response to the Committee's Tenth Report of Session 2007–08	HC 1105
Ninth Special Report	The Blue Badge Scheme: Government and Westminster City Council Responses to the Committee's Sixth Report of Session 2007–08	HC 1106

Session 2006–07

First Report	Work of the Committee in 2005–06	HC 226
Second Report	The Ports Industry in England and Wales	HC 61-I & 61-II
Third Report	Transport for the London 2012 Olympic and Paralympic Games: The Draft Transport Plan	HC 199
Fourth Report	Department for Transport Annual Report 2006	HC 95
Fifth Report	The Government's Motorcycling Strategy	HC 264
Sixth Report	The new National Boatmasters' Licence	HC 320-I & 320-II
Seventh Report	Novice Drivers	HC 355-I & 355-II
Eighth Report	Passengers' Experiences of Air Travel	HC 435-I & 435-II
Ninth Report	The draft Local Transport Bill and the Transport Innovation Fund	HC 692-I & 692-II
First Special Report	Passenger Rail Franchising: Government Response to the Committee's Fourteenth Report of Session 2005–06	HC 265
Second Special Report	Roads Policing and Technology: Getting the right balance: Government Response to the Committee's Tenth Report of Session 2005–06	HC 290
Third Special Report	Bus services across the UK: Government Response to the Committee's Eleventh Report of Session 2005–06	HC 298
Fourth Special Report	Local Transport Planning and Funding: Government Response to the Committee's Twelfth Report of Session 2005–06	HC 334
Fifth Special Report	The work of the Civil Aviation Authority: Government Response to the Committee's Thirteenth Report of Session 2005–06	HC 371
Sixth Special Report	Transport for the London 2012 Olympic and Paralympic Games: The Draft Transport Plan: Olympic Delivery Authority Response to the Committee's Third Report of Session 2006–07	HC 484
Seventh Special Report	Department for Transport Annual Report 2006: Government Response to the Committee's Fourth Report of Session 2006–07	HC 485
Eighth Special Report	The Government's Motorcycling Strategy: Government Response to the Committee's Fifth Report of Session 2006–07	HC 698
Ninth Special Report	The Ports Industry in England and Wales: Government Response to the Committee's Second Report of Session 2006–07	HC 954

Session 2005–06

First Report	UK Transport Security – preliminary report	HC 637
Second Report	Financial Protection for Air Travellers: Second Report Abandoning Effective Protection	HC 636
Third Report	Going for Gold: Transport for London's 2012 Olympic Games	HC 588
Fourth Report	Departmental Annual Report 2005	HC 684
Fifth Report	Future of the British Transport Police	HC 1070

Sixth Report	How fair are the fares? Train fares and ticketing	HC 700
Seventh Report	Parking Policy and Enforcement	HC 748
Eighth Report	Piracy	HC 1026
Ninth Report	The work of the Department for Transport's Executive Agencies – DVO Group and the Highways Agency	HC 907
Tenth Report	Roads Policing and Technology: Getting the balance right	HC 975
Eleventh Report	Bus Services across the UK	HC 1317
Twelfth Report	Local Transport Planning and Funding	HC 1120
Thirteenth Report	The work of the Civil Aviation Authority	HC 809
Fourteenth Report	Passenger Rail Franchising	HC 1354
First Special Report	The Performance of the London Underground: Government Response to the Committee's Sixth Report of Session 2004–05	HC 431
Second Special Report	The Departmental Annual Report 2004: Government Response to the Committee's Fourth Report of Session 2004–05	HC 432
Third Special Report	Integrated Transport: the future of light rail and modern trams in the UK: Government Response to the Committee's Tenth Report of session 2004–05	HC 526
Fourth Special Report	Search and Rescue: Government Response to the Committee's Eighth Report of Session 2004–05	HC 586
Fifth Special Report	Rural Railways: Government Response to the Committee's Fifth Report of Session 2004–05	HC 587
Sixth Special Report	Tonnage Tax: Government Response to the Committee's Second Report of Session 2004–05	HC 611
Seventh Special Report	Financial Protection for Air Travellers: Government and Civil Aviation Authority Responses to the Committee's Fifteenth Report of Session 2003–04	HC 639
Eighth Special Report	European Community Competence and Transport: Government Response to the Committee's Ninth Report of Session 2004–05	HC 976
Ninth Special Report	Financial Protection for Air Travellers: Abandoning Effective Protection: Government and Civil Aviation Authority Responses to the Committee's Second Report of Session 2005–06	HC 996
Tenth Special Report	Going for Gold: Transport for London's 2012 Olympic Games: Government Response to the committee's Third Report of Session 2005–06	HC 1152
Eleventh Special Report	Departmental Annual Report 2005: Government Response to the Committee's Fourth Report of Session 2005–06	HC 1517
Twelfth Special Report	Future of the British Transport Police: Government Response to the Committee's Fifth Report of Session 2005–06	HC 1639
Thirteenth Special Report	How fair are the fares? Train fares and ticketing: Government Response to the Committee's Sixth	HC 1640

Report of Session 2005–06		
Fourteenth Special Report	Parking Policy and Enforcement: Government Response to the Committee's Seventh Report of Session 2005–06	HC 1641
Fifteenth Special Report	The Work of the Department for Transport's Agencies – Driver and Vehicle Operator Group and the Highways Agency: Government Response to the Committee's Ninth Report of Session 2005–06	HC 1615
Sixteenth Special Report	Piracy: Government Response to the Committee's Eighth Report of Session 2005–06	HC 1690

Oral evidence

Taken before the Transport Committee

on Wednesday 7 May 2008

Members present

Mr David Clelland

Clive Efford
Mrs Louise Ellman
Mr Philip Hollobone
Mr John Leech

Mr Eric Martlew
Mr Lee Scott
Graham Stringer
Mr David Wilshire

Witnesses: **Sir Nigel Rudd**, Chairman, and **Mr Colin Matthews**, Chief Executive Officer, BAA, gave evidence.

Mr Clelland: Good afternoon everyone. Welcome to this session of the Committee on Terminal 5. Before we begin, could I ask members who have an interest to declare to do so.

Clive Efford: A member of Unite.

Mr Martlew: A member of Unite and GMB unions.

Graham Stringer: A member of Unite.

Mr Clelland: A member of Unite.

Mrs Ellman: A member of Unite.

Mr Wilshire: Although I have no financial interest in either BA or BAA, I think it is important to put on the record that I represent part of Heathrow and a very significant number of those involved in this are my constituents.

Q1 Mr Clelland: Again, welcome to the Committee. Could I ask the witnesses, please, to identify themselves for the purposes of the record.

Sir Nigel Rudd: My name is Nigel Rudd. I am the non Executive Chairman of BAA.

Mr Matthews: Colin Matthews, the CEO of BAA.

Q2 Mr Clelland: Before we move to questions, is there anything you would like to say to the Committee at the beginning by way of a statement?

Mr Matthews: I would like to, Mr Chairman. Thank you for the opportunity to appear before you today. On the first day of opening of Terminal 5 we apologised for the poor service experienced by many passengers. I repeat that apology unreservedly today. The Committee will want to understand where and why problems occurred, and I will do my best to answer. However, I have directed all available resources towards fixing the problems for passengers, not towards analysing which organisation was most responsible for what went on. Had I invested in pinpointing every fault, less time would have been spent on improvement and I would have damaged the cooperation with British Airways, without which we cannot serve passengers. We have not sought to blame others. Some of the problems were undoubtedly the responsibility of BAA and some were not. I am glad to say that for several weeks our performance at T5 has been good. We hope to announce shortly when the remaining BAA long-haul flights will transfer from Terminal 4. BAA

regrets the postponement and its impact on other airlines; however, we believe it is in the interests of all airlines that we do all we can to avoid further disruption. Despite the initial difficulties, I am confident that all of us will have cause to be proud of Terminal 5. I believe T5 is now back on track and will deliver a much-improved experience for millions of passengers each year. Thank you.

Q3 Mr Clelland: Were you aware that aspects of Terminal 5 were not ready when the terminal opened?

Mr Matthews: No, I was not. Clearly, with the benefit of hindsight, there were aspects that were not ready.

Q4 Mr Clelland: But you were not aware of them at the time.

Mr Matthews: I was not. If you wish, I will detail some of them. I would, however, if you would just give me a moment, say that within a few days of opening the terminal has been operating well, effectively. It has certainly today and in recent weeks been operating well. That, in itself, is a witness to the fact that the building is substantially working. However, there were some problems on early days. If you like, I will happily list some of them.

Q5 Mr Clelland: Please do.

Mr Matthews: I think they have been well documented. The one that has been most clearly publicised was a question of lifts' availability. On the first day 28 out of some 275 lifts were not operational. As we stand today, that number is at 17, and by the end of this month will be at four. There are some reasons for that—and I could explain one or two of them if you like—but there are no excuses. I do not seek to excuse it. That is something that should not have been the case and was. There is another category that has received some publicity: the question of toilets. Out of 107 blocks of toilets, seven were not available on the first day, of which one was in passenger areas. A third area to highlight is to do with those parts of the building which are not passenger-facing. Just as when individuals move into a new home, British Airways moving into their

new home would of course have hoped that the painting would have been completed. In the non passenger-touching side of the building there were corridors where the painting had not been complete. That, without question, creates a poor impression with BA staff. I understand that and I regret that. However, all of these issues are being rapidly fixed or have been fixed, and as I said at the outset, since very shortly after the opening the terminal has in fact been operating well. There were aspects that were not ready—I apologise for those—but the building in total is working effectively today.

Q6 Mr Scott: Mr Matthews, you said you were not aware of any problems, but it has been reported that in the trials prior to T5 opening there were problems. Were you not made aware of those?

Mr Matthews: I am not aware of those. I will have to say, as I said in my introduction, that I have not yet chosen to invest my time or that of my team in an investigation of exactly who knew what and when, but I was not aware of such reports.

Q7 Mr Clelland: When things did start to go wrong, what action did you take to support British Airways?

Mr Matthews: My own personal approach was to put the absolute top priority on fixing matters for passengers. I spent my own time in Terminal 5. I spent it with the operational experts and the technical experts, doing my best to create an environment in which the best people were able to focus on fixing the problem. In my opinion, the most critical aspect of that was making sure that BAA staff could work collaboratively together with British Airways. The extent to which we have done that is the extent to which we have rapidly fixed problems since those early days. My own time was spent in T5, with the operational experts, with the technical experts, working with the individuals to create the quickest possible operational fix for passengers.

Q8 Clive Efford: Could I take you back to the issues you highlighted for us as being problems on the day. We have a list of the issues here. I wonder if you recognise them. Staff and passenger search (including transfer search) was not ready on the day. Staff facilities, including parking, were not ready on the day. Lifts: with a number of passenger and staff lifts remaining either not fully commissioned or unserviceable for customer and staff use. It is quite a list. Jetties: which failed to perform as specified, causing frequent stoppages. Maintenance engineers were required to reset to the operating system on each jetty before it could be reused, leading departure and arrival delays. Regular, fixed, electrical ground power unit failures, requiring the unplanned towing of mobile ground power units around the apron. Stop me if any of this is not your responsibility. Stand guidance systems which were incorrectly calibrated for incoming aircraft, requiring attendance by airfield signalling marshals. Staff accommodation areas and staff access routes were not fully completed or fitted out, with

construction materials left in access routes for the first four days. Temperature control of the building had to be operated manually. Is this a building that was fit for purpose?

Mr Matthews: Thank you for listing those items. I do recognize the items you have listed and I will go through each of them if you wish. In total, yes, after the early days the building has been working effectively. Some of the issues you have raised I have referred to already. I understand how frustrating it would be for British Airways staff not to be in a new home where all of the painting is completed and where, as you referred to, building material had not in the early days been cleared away.

Q9 Clive Efford: They are the minor things at the end of the list. There are some quite significant issues which are listed here.

Mr Matthews: Let me start at the beginning of the list. In terms of passenger search, since the opening days we have maintained, with very few exceptions, a very low queue time, and I think we have been successful there. In the case of staff security, on the first morning—and we admitted this publicly earlier on—there were some delays to staff passing through security. My understanding of those issues is that they were relatively of short duration and pretty quickly fixed. I understand that within British Airways probably some people would today estimate that those had a bigger effect. I have simply pointed out to the Committee that so far my time has not been spent trying to resolve exactly where the weight of fault lay but in fixing the issues. In the case of staff security, there was a problem on the first day, it was fixed within a couple of hours, and, since that time, our performance has been much better. I have spoken to lifts, which was the third area you mentioned. Car parks: the car parks were functioning. When I arrived at Terminal 5 at 4.00 am on the first morning, there was a queue, and that was because not enough of the barriers were open. That was fixed relatively quickly. That is a problem which I personally would categorise as a teething problem that was fixed pretty quickly. With respect to the jetties, those have been operating correctly. One of the jetties had a technical fault which has been rectified since then. More generally, as with much equipment, it is not relevant to passengers to make a strict distinction as to whether it is the equipment or, indeed, the people or the process. For a terminal as a whole to work, you need to have the people and the equipment working effectively together. There is no such thing as a successful airport without a successful airline operating from it. In the case of jetties, I believe that has been a question of, together with British Airways, learning how to use the equipment most effectively, and, indeed, fixing one or two technical issues. I am not sure if you want me to continue. The impression I am deliberately setting about giving is that we have worked closely with British Airways to fix the issues. We have not been concerned about whether it is our fault or anyone else's; we have simply been focused on fixing the issues for passengers as soon as we can.

7 May 2008 Sir Nigel Rudd and Mr Colin Matthews

Q10 Clive Efford: To follow that up: were you aware of these problems before the terminal opened to the public?

Mr Matthews: Personally, I was not aware of those problems before the terminal opened.

Q11 Clive Efford: Presumably people within your organisation were aware that these problems existed.

Mr Matthews: I have not yet made the time available to do an investigation of who knew what and when. There will come a time when we should explicitly sit down and learn the lessons. My own view is that that would be best done jointly with British Airways, but it is done when the most critical issues are fixed. There are two critical issues: first, making sure the passenger issues are fixed; and, second, planning the migration of the remaining long-haul flights, so that we can then address the questions of all the airlines in Heathrow. Until we have done those two things, my own judgment has been that we should focus all of our time on fixing those issues, not on a retrospective of exactly whose fault was each problem.

Q12 Clive Efford: With all due respect, the reason we are here is because everything went wrong on the opening day. That is what we are looking into. Whether it is apportioning blame or not, this Committee is going to be interested in why it went wrong.

Sir Nigel Rudd: As a matter of record, the board were aware of the problems with the lifts. I was assured by people that arrangements had been made to accommodate that, with signage, et cetera. We knew there was a problem with the lifts, just as a matter of record, Chairman.

Q13 Clive Efford: Were there ever, at any level with your organisation, discussions with British Airways about postponing or limiting the scale of the opening?

Mr Matthews: The project has been a joint project with British Airways since the outset. All of the matters involved in opening the terminal have been discussed extensively with British Airways over a period of years.

Q14 Clive Efford: That is not really an answer to the question I asked. Perhaps I could ask it again. If people within your organisation were aware that there were problems which might limit the efficiency of the opening and cause delay, did that cause them to have any discussions with British Airways about limiting the scale of the opening or postponing it?

Mr Matthews: This project was managed jointly with British Airways and all matters were routinely discussed together with British Airways over a period of years. Unfortunately, I cannot give you specifics on who knew what and when, because I simply do not know.

Q15 Clive Efford: I am going to push you on that. If people within BAA were aware that these problems could impact on the efficiency and smooth running of the opening of the terminal, you are saying, in spite of that, there were no discussions with BAA about scaling down the opening or postponing it.

Mr Matthews: Personally, I am not aware of the detail of those discussions prior to the opening. I accept that there will come a time when we should look at those questions in detail. I would be happy to write to this Committee, if you wish me to do so. Personally, I do not have the answer to that question today.

Q16 Clive Efford: Perhaps you could write to us on that because that is an extraordinary state of affairs. The opening of Terminal 5 must be the most significant event in BAA's recent history. The opening ceremony, which I attended, was certainly an impressive event. For you not to be aware of whether those sorts of discussions took place is extraordinary, is it not?

Mr Matthews: The Chief Executive is responsible. I do just have to point out that my arrival is rather recent and, therefore, I am not in a position to answer that specific question. I apologise about that, but that is a fact.

Q17 Mr Martlew: Mr Matthews, you seem rather complacent. You are the head of a very, very large company. You are telling us that, first, you wanted to concentrate all your resources on getting it right. You give the impression that there were questions you could have asked people before you came in here, but you did not want to know the answer to them, so you could not say.

Mr Matthews: No.

Q18 Mr Martlew: On the question Mr Efford has asked, even if you were not personally aware of the answer, I would have thought you would have been briefed on it before you came to this Select Committee. Are you hiding anything?

Mr Matthews: I am not hiding anything. Rather than take the time of the operational and technical experts to brief me for this appearance or, indeed, to spend time on allocating exactly what went wrong and when, I concluded—and that is my responsibility—that my responsibility was, first, to fix issues for passengers and, second, to advance the discussions with British Airways as quickly as we reasonably could on the question of the migration of the rest of the flights because that is what impacts all of the airlines at Heathrow. That was my judgment.

Q19 Mr Martlew: I will say it again: you are a very large organisation, a foreign-owned organisation, that made a fool out of this country by the opening of Terminal 5. Sir Nigel, are you happy with the approach that your Chief Executive has taken?

Sir Nigel Rudd: Yes, I support him entirely. On the first morning obviously the problems started to arise. I discussed it with the Chief Executive and I agreed with the strategy of doing all in our power to make it work. Clearly, after three or four days it was working pretty well, and I think that was the right strategy to pursue. Clearly, I do not want to give you any sense of complacency here. I, as Chairman, am bitterly disappointed about the physical opening of Terminal 5. It is a great disappointment to me and we have apologised. My view of the matter is that there were a

number of problems that might have been foreseen but none that would have led to the stopping of the opening of the terminal. All these things conspired in the first few hours to work against us. In an airport as complex and as new as Terminal 5, that was a cumulative effect. But this is for later. As the Chief Executive has said, we will obviously make the inquiry and we will come back to you, but we did not think at the time it was worth spending any time at all in starting to blame each other, either through the press or anything else, but just get on with the job of looking after the passengers. That was my instruction to the Chief Executive.

Q20 Clive Efford: Did the previous Chief Executive, who left at the end of March, Stephen Nelson, indicate to you that there were any problems? He seemed to leave suddenly. Did the events which took place at the opening have any bearing on his sudden departure?

Sir Nigel Rudd: No. It was not sudden for him. It might have been sudden for the news. I think it might help the Committee if I explain a little bit of the background. I became Chairman of BAA in September, with a remit from the shareholders/owners to look at the management and the management structure to see whether I was happy with that situation. As I explained, a main job of a non Executive Chairman is to appoint a Chief Executive to agree a strategy and make sure that strategy is being carried out, not to run the airport. That is my job. I came to the conclusion after three months, that was late December, that, although Stephen Nelson was a very able manager, a very intelligent person, his background was not sufficient in operations to be running a business the size of BAA. I had that discussion with him in December and we agreed that I would try to find somebody who I believed could take the business forward, somebody who had in his or her background really good operational experience of running a business the size of BAA. I found that person. I agreed with Stephen originally that he would go through the full opening with the Queen and then he would oversee the opening late in March. The matter of this was leaked to the press. Stephen was going to leave on 1 April, but that obviously precipitated the situation. I hope that is helpful, Chairman, as far as the background is concerned. In answer to your question, Stephen did not give me any indication that there were problems with the opening of Terminal 5.

Q21 Mr Scott: Sir Nigel, when I asked Mr Matthews earlier if, when the trial went wrong, he knew anything about it, the answer was no. Did the board know anything about it?
Sir Nigel Rudd: No.

Q22 Mr Scott: Nothing at all?

Sir Nigel Rudd: No.

Mr Matthews: May I give some information?

Q23 Mr Scott: Please, because I have to say I find it extraordinary that, if trials of something new had gone wrong, no one at the top of the organisation knew about it.

Sir Nigel Rudd: In an operation like this, there is always a list of risks of things that could happen. Nobody who has ever run anything of this size would imagine that you could open a Terminal 5, without anything going wrong at all. That is just impossible. You would have teething problems, et cetera. On the first day, we clearly got the scale of it wrong. Clearly we got that wrong, but there is nothing of a substantial nature that I understand is wrong with the operation of Terminal 5—the equipment, et cetera, et cetera.

Mr Matthews: Specifically, on testing, you are probably referring principally to the testing of the baggage system. The baggage system was tested over some six months. The volumes tested through the baggage system were gradually increased, and the fully loaded situation was tested some 20 times during that period. With the benefit of hindsight, we can clearly say that we were not successful in replicating in a test situation every aspect of the real-life situation, because the real-life situation created the problems which are well documented, but there was testing and it was extensive and over a considerable period of time.

Q24 Mr Leech: Sir Nigel, you have said you supported Mr Matthews plan to put all the resources into getting things right for passengers. Has the board given Mr Matthews a time scale in which he can give you an indication of who was responsible for the problems that were experienced? If not, why not?

Sir Nigel Rudd: The answer to that is no, but I guess within the next couple of months I would expect that to be the case. I understand that that would be something we would wish to know within a short period of time.

Q25 Mr Hollobone: So the public outside this room understands exactly what is going on, who owns Terminal 5?

Mr Matthews: BAA.

Q26 Mr Hollobone: For how long have you been planning the opening of the terminal?

Mr Matthews: I am not a good student of history. The opening, indeed the entire T5 programme, has been jointly worked on by a team from BAA and British Airways over a period of some five years.

Q27 Mr Hollobone: In relation to airport terminals around the world, where does it rank in terms of the size of operation?

Mr Matthews: It is certainly a very big terminal.

Q28 Mr Hollobone: In your experience or that of your predecessor, did you study the opening of other terminal buildings around the world?

Mr Matthews: Yes, indeed, there were exchanges with other terminals.

Q29 Mr Hollobone: In that experience has there been anything like the disaster that happened with your terminal?

7 May 2008 Sir Nigel Rudd and Mr Colin Matthews

Mr Matthews: Generally, yes. The obvious examples to look at would be Denver; indeed, Terminal 4 in our own Heathrow some 20 years ago; Terminal 4, as I think it is, in Barcelona; and Chek Lap Kok in Hong Kong. All of those have had significant problems. With the benefit of hindsight, we might well have adopted a more humble position, given that track record, and it was unfortunate that we created an expectation of perfection in what was an extremely complicated programme. Unfortunately—and I hope this is not the case in future—previous openings of terminals have typically been difficult. In many cases it has taken months and in some cases years to address those problems. Terminal 5 is operating well today. For instance, the baggage system performance is where it had expected it would be three months after opening. This is just one month after opening. That is not to excuse the first days of disruption and distress for passengers, which we have apologised for and which we regret, but Terminal 5 is operating well today—which is why I can say to you that I have found no evidence since being involved of any reason why Terminal 5 is not going to be a source of pride for us at the airport and for passengers and everyone else who is interested.

Q30 Mr Hollobone: In those other disasters of terminals being opened around the world, were there any lessons which you witnessed which you did not learn from in Heathrow's case?

Mr Matthews: I can tell you, because I know it to be the case, that there were exchanges with the other airports. I do not have at my fingertips the exact detail of exactly the lessons that were exchanged amongst us. I would say, however, one clear lesson from me, having met personally with the Chief Executives of some major airports in the last couple of weeks, that all of them are saying the same thing: There is no such thing as a successful airport, without a successful airline or airlines working from it; therefore, the only basis for success is collaboration between, in my case, BAA and all of the airlines operating out of Heathrow and, in the case of T5, very specifically British Airways. The quality of the collaboration and the teamwork with British Airways will determine the effectiveness with which we operate Terminal 5 and the rest of the airport.

Q31 Mr Hollobone: In that regard and, again, for the benefit of the public: you own the building; you own the baggage-handling system.

Mr Matthews: That is correct.

Q32 Mr Hollobone: Who operates the system in terms of putting the bags on it and taking the bags off it? Where is the split between yourself and British Airways?

Mr Matthews: I can describe that—although, if you are a passenger, you just want it to work. The fact is we are responsible for the system up until the point where the baggage arrived at what is called a lateral. From a lateral, British Airways employees remove the bag and put it in the containers that are

subsequently transported by British Airways staff to the aircraft side and loaded on to the aircraft. That is where the split is. In relation to inbound, once again, it is British Airways staff who transport the bag from the aircraft to the baggage system and then it is BAA who is responsible for the system. But, again, I would say that passengers do not care: it simply has to work. Therefore, it is effectiveness with which equipment and people work together that defines our service to passengers. What matters to us is the quality of our service to passengers, full stop. That is the basis for our long-term success. Nothing else is.

Q33 Mr Hollobone: When you were doing trials of the baggage-handling system, to what extent were BAA employees working alongside British Airways employees in testing the system?

Mr Matthews: To the maximum extent that could be created. There certainly were British Airways employees involved in that. With the benefit of hindsight, we can clearly say that the totality of the testing regime did not adequately reflect the reality of the first few days of operations. By definition that is true, because of all the disruption that was caused, but definitely this was a joint project together with British Airways. I have said, and Willie Walsh has said too, that on the first day some of the problems were in the BAA campus some were not.

Q34 Mr Hollobone: In your personal business experience, have you ever been in charge of any bigger failures than the opening of T5?

Mr Matthews: I believe T5 will be judged a success. I accept and we have apologised for the disruption and distress on the first few days. But I passionately believe that T5 will be a source of pride for us in the company, and for British Airways, and for the travelling public.

Q35 Mr Hollobone: Perhaps I could put that same question to Sir Nigel. You have had a very extensive business career in many different industries. Have you ever overseen a project which has been such a national humiliation as the opening of T5?

Sir Nigel Rudd: I have to say no—and clearly a huge embarrassment to the company, and to me personally, and to the board. Nothing can take away that sense of failure. However, I would want to say that the employees of BAA and BA worked extremely hard—I mean, extremely hard—from the baggage handlers up to the senior people, to get this right, to make this work, and it was working within three days. I would remind you that the Denver airport opened and they had to throw the baggage system away. At Chek Lap Kok in Hong Kong it did not work for two years. This was up and running properly after three days and that was due to fantastic work by the Executive—Colin was there for something like 20 hours a day—the people from BA, members of Unite. All those people worked very, very hard. I felt extremely sorry for them because we had all believed, genuinely, that this would be a great opening and it clearly was not. That is a matter of huge regret.

Q36 Mr Hollobone: The one thing that did work was the official opening by Her Majesty the Queen. Can I put it to you that BAA was dazzled by the royal opening of Terminal 5, and that a lot of your efforts went into making sure that event went extremely smoothly, but when you added passengers to the mix, with the practical opening of the terminal it all started to go wrong.

Sir Nigel Rudd: I think with all these kinds of projects it is better to open ceremonially after there has been practical opening. Unfortunately, that would not be possible. I do not think the Queen would come in the middle of the night to open the airport when it was not being used, for security and all sorts of other reasons. That is why the official opening was before the real opening. I do not believe any kind of management was distracted from that because of the opening. A lot of work went into that, of course, but I do not believe that is an issue at all.

Q37 Mrs Ellman: Mr Matthews, in the way you are concentrating on the present and the future, you give the distinct impression you do not recognise the calamity caused both to your company, whose future is under question mark by national investigations, and also to the country by that disastrous opening. Do you feel that anybody at any stage in a senior position should be made accountable for what happened, irrespective of what is right now?

Mr Matthews: I am sorry I have given you that impression. That is not my intention. I have simply said that I think our first responsibility was to fix issues for passengers and our second responsibility was to plan the migration of the remaining long-haul flights so that the impact on the entire airport, including all the other airlines, could be minimised. That was my view of the most urgent priorities. We do need to look back and understand, to learn the lessons that need to be learned, and we will do so. I just had the view myself that we should fix issues for passengers before getting into that—not just because it would take time to do so but because examining whose fault it is puts people in a defensive position. People work better when they are confident, and we have been very dependent on people being confident and being effective in their jobs to get things fixed for the passengers. I am reluctant to move into a stage which drives people into a defensive corner, and, most of all, reluctant to be in a mode of operation that would discourage British Airways people collaborating closely with BAA, because that is the single criteria which will determine most effectively the future success of Terminal 5. There is no successful airport or terminal without a successful airline operating in it.

Q38 Mrs Ellman: Mr Matthews, you have just done it again. Yes, it is important that things work well, but now you are starting to justify never making anyone accountable—and the people I am thinking about may well be right at the top of the organisation, not the workers on the ground trying to make it work. I am looking at senior people. Surely somebody has to be accountable. Let me ask

Sir Nigel his views on that. Are you satisfied, as Chairman of the board, that nobody should be made accountable? It might not be this week, but the impression I get from Mr Matthews is that he never wants that to happen.

Sir Nigel Rudd: I have run many businesses and I have had to fire many managers, so I do not have a problem with firing people, but there has to be a reason for doing it. Clearly, if we feel people have not conducted themselves properly at whatever level in the business, then they will be held accountable. Absolutely right. But when you are in the heat of the battle is not the time to start pointing fingers and firing people. I can assure you—I have run businesses—I understand that, and I understand the pressure that Colin and his team were under.

Q39 Mrs Ellman: Who took the decision to move 70% of British Airways flights across on the first day?

Mr Matthews: The T5 project has been a joint project between BA and BAA over a number of years. That would have been a joint decision of that group, taken over a long period of time. It is not a decision which one individual takes in an autocratic fashion. It is a decision which is worked on by a joint project team over a long period of time. That is how big projects are won.

Q40 Mrs Ellman: You are not able to identify who thought that 70% of flights moved there right at the beginning was likely to be successful.

Mr Matthews: I think you are asking me to point the finger at one individual—

Q41 Mrs Ellman: No, I am not asking you to point fingers; I am asking you a question. Is the answer that you do not know or that you do not want to say?

Mr Matthews: I certainly today cannot point at one individual and say, "This individual was responsible and he made a specific mistake." No, I cannot do that today.

Q42 Mrs Ellman: Sir Nigel, in your earlier remarks you spoke about this venture as being complex, new, and full of risks, in a way that suggested that anything complex and new would have risks. We might well agree with that. Who was responsible for contingency planning?

Sir Nigel Rudd: A huge number of people were responsible: the people who were responsible for the building; the engineers; the people who were liaising with BA. There were a lot of people involved here, so you cannot point responsibility at a particular person for the entirety. As we have said, this was a combination of a number of factors that went wrong. I cannot apologise enough for what happened, so do not ever feel that I am being complacent about this, but it is a very, very complex operation to get all right.

Q43 Mrs Ellman: Let us look at specifics then. What about the software issue? There is a whole list of things that went wrong, but it includes wireless errors; software interface issues; the system not reset

7 May 2008 Sir Nigel Rudd and Mr Colin Matthews

after testing; the system not reset after testing; the system not set up to link handling and reconciliation systems; errors in transmission of data—a whole list of very specific things to do with software. They may not be to do with the decision—I am not qualified to say that—but to do with the operation of that. Who was responsible for contingency planning in relation to the software breakdown of that sort?

Mr Matthews: Let me respond to those issues. There were a number of problems that arose very specifically within the software—and you have mentioned some of those. In fact, those were issues which were identified relatively quickly and which were fixed relatively quickly. In the first three days of operation, it was very difficult to see the wood for the trees because of the scale of the disruption, but, once we got through that, the issues you have referred to were identified pretty quickly and were fixed rather simply and rather quickly.

Q44 Mrs Ellman: Is that why one thousand bags went missing? Or maybe my figure is an underestimate.

Mr Matthews: As I have said, in the first day the scale of disruption was huge. In my own view, there was not one problem which caused that: it was the accumulation of a large number of relatively smaller things, each one of which on its own would not have caused that scale of difficulty. Once we got through the first few days of very large scale disruption to a more reasonable level, we were able to tackle issues that arose, problems that arose, one after the other. You have listed some.

Q45 Mrs Ellman: What about the baggage? Tell me about the baggage.

Mr Matthews: All my comments are referring to baggage.

Q46 Mrs Ellman: How much baggage went missing on your figures and how much are still missing?

Mr Matthews: I do not believe any baggage is still missing, to the best of my knowledge. British Airways is probably in a better position to answer that, in that they handled the repatriation of bags to passengers. I am sorry, I cannot give you a detailed number on that. Since those opening days we have been monitoring the performance of the baggage system in its entirety—which counts on people and process and the system together, and the individual elements—and it has steadily improved. Today's performance of the baggage system is excellent, and that is because of effective work of people and it is because of effective functioning of the system.

Q47 Mrs Ellman: Are you fully satisfied with the system as it is operating now?

Mr Matthews: Yes. I believe we will continue to improve it over the coming weeks. Because it is a very sophisticated system, people and the system need to learn to adapt one to the other, and we have been doing so. As I commented earlier, our progress down that track is much more rapid than we had expected it to be, so our performance today is really excellent. But I do not think we should be satisfied with

baggage performance until there is no fault whatsoever. I think this is an improvement that we will be pursuing day in/day out for months to come, but its performance today is good.

Q48 Mrs Ellman: With hindsight, how could you have improved your contingency planning?

Mr Matthews: I am sure with hindsight there are a great many things we could have done. We could have had a better facility within Heathrow for managing the bags after they are removed from the system in order to repatriate them with their customers. I am sure with hindsight there are very many things we could have done better.

Q49 Graham Stringer: I have been on this Committee a long time and I do not think I have ever before heard a witness say they have been too busy to prepare their answers for this Committee, Mr Matthews. If you have been too busy over the last month, if we have a second hearing of the Committee will you come back with some of the answers to the questions you have been asked?

Mr Matthews: As I commented earlier, I think the time will come when it is appropriate for us, hopefully jointly with British Airways, to learn the lessons we should, and I am certain willing to write to the Committee or to communicate that to the Committee when it is done. With respect, I did not say I was too busy; I simply said that in my opinion the priority was to fix the questions for the passengers. I do not think passengers care whose fault it is: passengers simply want the total experience to work properly.

Q50 Graham Stringer: That was not an answer to the question I asked. I accept I was paraphrasing, saying you were too busy. I asked: Would you be prepared to come back to answer the questions that you so far have not answered? If you are, can you tell us when you will be prepared to answer those questions in person?

Mr Matthews: As I say, I am certainly open to considering how best to communicate the results of an effort to learn all the lessons we should. That is something that I think will happen over the next couple of months. I will certainly consider, with whatever advice from you, how best to communicate that to the Committee.

Sir Nigel Rudd: Perhaps I could come in here. Of course we are available for you. Whenever we have the answers, of course we will attend.

Q51 Graham Stringer: I accept you have a responsibility to your customers, the airlines, and the passengers, but we have a responsibility to the public to find out what is going on. You are not being very helpful, quite frankly, Mr Matthews. You are putting up a defence of ignorance of the facts, and I would be quite keen to know, out of all the management you have at BAA, when you could get all that information together and come and talk to us about.

Mr Matthews: I suggest that will probably take a period of around two months. I am sorry that I have generated the impression that I am not interested in that. That is not what I meant to communicate. I have meant to communicate that I believe the key to success in an airline is close collaboration between the airport and the airlines, in this case specifically British Airways, and I will do all I can to prevent an environment of allocation of blame and finger-pointing damaging the one thing which is most critical to assuring the future success of Terminal 5, which is good and effective teamwork. The opposite of that, the pointing of fingers, is not in the interests of the travelling public or, indeed, the companies.

Q52 Graham Stringer: It may not be in your interests to tell us what has happened, which seems to be the case, but I know the relationships between airlines and airport operators and they are often very difficult—and often there are harsh words and even threats of litigation. I cannot believe that you have been about the terminal and looked at what is going on and not at least tried to apportion responsibility. If not on your own immediate staff—and I understand it may well be worthy to try to protect your own staff—I cannot believe that you do not know where BA have been responsible for problems and where BAA have been responsible. There may well be future litigation, might there not?

Mr Matthews: I think British Airways is much better placed to speak to British Airways issues, so I would certainly prefer not to do that, and of course I am willing to—

Q53 Graham Stringer: I do not know if you are purposely missing the point. I am saying that for some of the service that has gone wrong—and it is certainly not clear to this Committee at the moment—it may be that BA would want to blame you or vice versa. You must, in terms of putting things right, have come to a view about whether it was BA that got it wrong or your own employees.

Mr Matthews: That has not been my experience. The most successful element of putting things right has been by working collaboratively together with British Airways and focusing on the operational and technical fixes required. That has been my clear view, and I continue to hold that that is the most effective way of serving the interests of passengers.

Q54 Graham Stringer: You said earlier that after three days things were much improved. Was there not another collapse of the service on 5 April?

Mr Matthews: If that was the weekend, we had a particularly painful weekend. There was a particular systems problem, which we acknowledged in a public statement rather promptly and which was fixed overnight. That caused a difficult Saturday. If it is the date to which I think you are referring, when I arrived at Terminal 5 the following morning there was a very significant and very quick snow storm that compounded difficulties. In total, we had significant disruption on that weekend, that is perfectly true.

Q55 Graham Stringer: You are correct in what you said before: the service was not continuously improving after the first three days?

Mr Matthews: We did have a weekend that was difficult. That is absolutely true. There have been some ups and downs but the trend has been better, and today the performance is very good.

Q56 Graham Stringer: Did any of the middle management or the trade unions warn you that the systems were not ready and there were going to be problems?

Mr Matthews: I am not aware of that.

Q57 Graham Stringer: Have you checked the emails?

Mr Matthews: I have not yet checked the emails. As I pointed out earlier in the session to your colleague, I have concluded that that was not the place for me to investigate or to invest my time or that of my team until the passenger issues were fixed.

Q58 Graham Stringer: What did you learn from the trials that were primarily successfully run using quite a lot of luggage? What did you change after those trials?

Mr Matthews: Those tests were largely successful. Today, system performance is good, without a massive rewrite of the system. The specific problems which have been referred to earlier on today we fixed relatively quickly. The baggage system is working well today and the baggage system is functioning as designed and we have not changed the design since its original conception.

Q59 Graham Stringer: We are talking about a lot of organisational problems, software problems, staffing problems on the day. When the trials were held, what did you come back and change?

Mr Matthews: I cannot answer that question today. I will happily write to this Committee with a more detailed answer when we have done the exercise of learning the lessons we need to from this experience.

Q60 Graham Stringer: Sir Nigel, do you know what lessons were learned?

Sir Nigel Rudd: I have never been involved in opening something as large as this, but when you open a project, a factory or whatever, and you are testing what is happening, this is a cumulative issue. When you first start off, you have problems, you fix them, et cetera, et cetera, to the point at which you believe—and obviously there is a time scale on that, when the opening is going to be—it is as good as it is going to get. Clearly, we believed, and we were advised, that the business, subject to the lifts and one or two other minor items of decoration, et cetera, et cetera, would be fit for purpose. Otherwise, I just know we would not have gone ahead. With the benefit of hindsight, we would not have wanted the three days we had. That is self-evident. It is a cumulative thing, where you trial and you learn and you fix as you go along, until such time as you are open for business.

7 May 2008 Sir Nigel Rudd and Mr Colin Matthews

Q61 Graham Stringer: I find most of the answers “non-real world”, from a happy, wonderful relationship with BA. Usually when there are major trials, the people doing them come back and say, “This is never going to work. There’s a problem here” and then people calm down and it works and it is well understood what is happening. It seems to me—and I would like you to comment—that the trials were a PR exercise. You cannot tell us that anything was learned from those trials.

Sir Nigel Rudd: I did not say anything specific. I am saying there were bound to be issues that were resolved.

Q62 Graham Stringer: I know you are not the Executive Chairman, Sir Nigel, and I understand that, but with something as big as this, I would have expected the Chairman to be worried and to be asking questions. Will it be all right on the night? Will it be like the Millennium Dome, when people could not get in or out? We have a lot of experience in this country of large projects being embarrassing. This is just the latest of them. You must, as a non Executive Chairman, have been badgering your senior management, saying, “Tell me this will be all right.” You are coming here giving generalised answers. It is not the real world.

Mr Matthews: The real world today is that the baggage system is working well.

Q63 Graham Stringer: We are talking about what happened at the end of March/beginning of April and how that related to the trials.

Sir Nigel Rudd: You are making an assumption that I did not ask the questions and I was not worried. Clearly, an opening such as this is extremely worrying. You would be right to be worried when on one occasion you are having a huge changeover at Heathrow, where BA were moving from two terminals to one. Huge numbers of people were starting to work where they had never worked before. A huge amount to go wrong. You hope that it will work reasonably well and will not cause the problems that we had on the first three days. Clearly we were wrong, but you are wrong to assume that I did not get assurances that it would be okay on the night. Clearly, that is what we believed at the time. We were clearly wrong, and we have apologised for that.

Q64 Graham Stringer: BAA took exception to this Committee’s report on BAA, particularly our recommendations that BAA were broken up. Part of your response on radio and television was that you were providing a high quality of service that would be detracted from. Do you still think the Committee was wrong to call for the break-up of BAA? Do you think the way you managed the opening of this terminal adds to your argument?

Mr Matthews: I accept that we need to have well operating terminals in order to have our voice credible in the long-term issues which are important to this country and the airports’ infrastructure. Before I joined—and events at Terminal 5 will underline this—it was clear to me that the first

priority I had in becoming the Chief Executive was to improve the operational performance of all of the airports, and very specifically Heathrow. Heathrow is the biggest; it is the one on which most anxiety has been focused. Since joining, I have restructured my organisation so that my own team and my time is more directly focused on operational matters and specifically focused on Heathrow. I do accept that we need to improve operations in order for our voice to carry weight. However, I think it is a separate question as to what the right ownership structure is for airports facing the urgent need for improvements and additions to capacity, particularly within the South East. I think that is the question which the Competition Commission will continue to review over the coming months. I think that is the case that needs to be made: an ownership structure which is most effective at adding the much needed investment. I do accept, however, that our voice will be more effective in that as we improve the quality of our service to passengers and that is what I am determined to do.

Q65 Mr Wilshire: I have a number of unrelated questions. In a way, I seek to put things in context, and perhaps I could just run through them. Am I right in thinking, Mr Matthews, that you were not the Chief Executive on the day of the opening of T5?

Mr Matthews: In a formal sense, I was not, but I have to say I was there. I started a couple of weeks before my official starting date, which was 1 April. I had intended to use two weeks to be out in the operation, making myself familiar with it, before getting involved formally as Chief Executive. I was there. Formally, my first day was April 1.

Q66 Mr Wilshire: In relation to the context of this particular issue, I believe I am right in thinking that T5, on its own, is a bigger project than many complete new airports. Is that right?

Mr Matthews: Absolutely.

Q67 Mr Wilshire: You have mentioned what you have decided needs changing. When we talk about the people in charge of T5 as it was being built and when it was opened, am I right in thinking they were answerable to a company called Heathrow Airport Ltd and not directly to the board of BAA?

Mr Matthews: I think the board of BAA is responsible for what happens and the Chief Executive is responsible for what happens, regardless of what the structure underneath is. It is true that the structure before the changes which I have announced had Heathrow with its own management structure. That is true, but I still think the Chief Executive is accountable and, of course, the board is responsible for the entire business.

Q68 Mr Wilshire: Your changes are getting rid of that intermediate layer of management?

Mr Matthews: The changes that I have announced are, as it were, taking those two separate teams, one central team and the Heathrow team, and creating a single team whose principle focus is operating Heathrow. That is perfectly correct.

Q69 Mr Wilshire: At the beginning you said where your focus lay: on getting things right at the moment. The union Unite sent us a memorandum which said as follows, “We, however, believe that this evidential session is premature and could in fact jeopardise important work being conducted involving a number of parties in the project to put things right. This is, of course, our top priority and we are determined to see this world-class facility operating in the eyes of the world as such, without any further delay.” Do you agree with that comment from the union?

Mr Matthews: I think that is a rather similar opinion to the one I expressed, which is that the priority is getting things to work, so I am grateful for that comment from Unite.

Sir Nigel Rudd: I said that the board felt that this business, BAA, needed stronger operational management. That is why I have appointed Colin Matthews.

Q70 Mr Wilshire: You indicated, Mr Matthews, that it might be a couple of months before you have looked back fully on what had happened, and I hope you can see a big distinction between learning lessons and pointing fingers of blame. Learning surely has to be right, because when you open Heathrow East we do not want a repetition. If you can do this within two months, do you think it would be sensible for our report to take account of what you can tell us in the near future?

Mr Matthews: That may well be sensible. As I have expressed, I would certainly be open to sharing the conclusions in whatever way is appropriate at that time.

Q71 Mr Wilshire: If I understand your written evidence correctly, you are suggesting that there were a number of teething troubles, things like car parks and staff checking, which in themselves would not have led to chaos breaking out, and then there were baggage-handling, computing, software issues. Am I right in thinking that it is really on the baggage, the software, the computers, rather than the initial teething troubles, that we need to focus?

Mr Matthews: I would think that is a reasonable thing to conclude. I do accept that the relative weight you put on this issues depends on where you sit. It may be that an individual who was stuck in the car park on that morning would have a different view. My view is that you would be correct.

Q72 Mr Wilshire: I cannot resist the temptation to ask you this question. In your written evidence you said that 400,000 bags of a different size, shape and weight were put through the system—and a lot of my constituents did the carrying of them, to help you carry out those tests. You then say that once real passenger bags were introduced into the system there were problems. What is the difference between a test bag and a real passenger bag?

Mr Matthews: I am not sure. It may have been that the baggage we were testing was too uniform. I am not sure. That is a question which is interesting.

Maybe the reality of the baggage that people put in the system was more diverse than our tests represented. That may be the case.

Q73 Mr Wilshire: In the written evidence from the CAA they explain that they investigated the photographs and the reporting of a passenger sleeping on the floor of Terminal 5 as though this was somehow your fault or BAA’s fault. The CAA point out that that particular person had been offered hotel accommodation. On the basis of that and other examples, do you think the media coverage of what happened was excessive or fair?

Sir Nigel Rudd: I think generally it is fair. I think, if you actually open something like this with the Queen opening it for you, you are absolutely fair game if you do not get it right. I was quite pleased to see that one of the newspapers—*The Mail on Sunday*, I think—had a two-page article on Sunday explaining that that reporter had had a fantastic experience through Terminal 5, so it does work both ways, but we must expect in this country real scrutiny by the press, and we are not afraid of that.

Q74 Mr Wilshire: You will be aware, Mr Matthews, that the majority of my constituents are in favour of another runway at Heathrow. Do you think that what has happened has jeopardised the case for that runway or can you overcome the problem and still make the case effectively?

Mr Matthews: As I have said earlier, I am sure that improving our operations at Heathrow will make our voice more effective in all of the critical, long-term strategic debates in which we will be involved, including that one.

Q75 Mr Leech: It has been reported that a number of people who have lost their baggage are not going to be entitled to any compensation through insurance, or whatever it might be. In two months’ time, when you have apportioned blame to different organisations, do you think at that point BAA might want to compensate some of the passengers who have lost out?

Sir Nigel Rudd: I just want it on the record, I do not think we are going to be coming here apportioning blame. We are going to be explaining the situation.

Q76 Mr Leech: Let me rephrase the question. When you have done an investigation as to what the causes of the problems were, at that point I imagine that BAA might accept that some of the blame could be apportioned to themselves?

Mr Matthews: We already have. Quite publicly, on the first day, in a public statement, we have accepted that and apologised and have consistently done so since.

Q77 Mr Leech: I accept that point, and you have been very clear that you want to get it right for passengers. Do you think at that point it will be appropriate for BAA to compensate people who have lost out?

7 May 2008 Sir Nigel Rudd and Mr Colin Matthews

Mr Matthews: I just think we need to understand the background before I speculate on any specific question like that.

Q78 Mr Scott: One brief question. A number of insurance companies have said they will not insure luggage going from Terminal 5. Has that now changed?

Mr Matthews: I believe so.

Q79 Mr Scott: You believe that they will insure luggage going through now?

Mr Matthews: I believe so.

Mr Scott: At least that does not have wait two months.

Q80 Mr Clelland: What costs will BAA face in terms of service quality rebates?

Mr Matthews: I do not know yet the total cost implications, because we need to not only fix the issue for passengers, we also need to reprogramme all of the moves around Heathrow Airport which take place over the coming years, because T5 is the first in a series of important investments which will transfer all of the terminals for all of the airlines and, obviously, we need to minimise the impact on the other airlines arising from the delay to the transfer of the remaining BA long haul flights. So I am not in a position yet to analyse or answer that question.

Q81 Clive Efford: On that issue, the CAA implemented five additional criteria for your service quality rebates from 1 April. Was that significant in you forging ahead with the opening on 26 and 27 March—

Mr Matthews: No.

Q82 Clive Efford: ---in the sense that, if these five criteria had come in, you would have faced increased service quality rebates?

Mr Matthews: Absolutely not.

Q83 Clive Efford: So that discussion never took place.

Mr Matthews: Those are separate issues. We have a new regulatory settlement which does define new measures. Actually, I welcome them. For instance, up until the recent settlement the critical aspect that was measured when it comes to security was the length of time that passengers queue. For airlines it is very critical how long staff queue and, therefore, I welcome putting visibility on that issue as well. It is healthy that we should drive up our performance for passengers and for airlines. That was a discussion that happened in the context of the regulatory settlement and, to the best of my knowledge, had no relation whatsoever to the opening of T5.

Clive Efford: It is the most emphatic answer you have given us. It seems to be at least something you found out when you arrived.

Mr Clelland: With that, gentlemen, I am going to have to bring this evidence session to a close, but we look forward to receiving the further written evidence you have volunteered to give us and, perhaps, further discussions with you in due course. Thank you very much for coming along this afternoon.

Witness: Mr Willie Walsh, Chief Executive, British Airways, gave evidence.

Q84 Mr Clelland: Mr Walsh, good afternoon. Could I ask you to identify yourself for the purposes of the record, please?

Mr Walsh: Thank you, Chairman. Willie Walsh, British Airways Chief Executive.

Q85 Mr Clelland: Thank you for coming along, Mr Walsh. Is there anything you want to say in advance of questions?

Mr Walsh: Yes, Chairman, if I may. I am sorry I missed the start of proceedings, Chairman, but I was engaged elsewhere. Could I take this opportunity, please, to pass on how sorry I was to hear of the passing of Gwyneth Dunwoody. I was looking forward to meeting with her today. I had the pleasure of meeting with her on several occasions, both formally and informally. I think she was a great servant to her country and a great servant to transport and I would like to pass on my condolences to her family, friends and colleagues.

Q86 Mr Clelland: Thank you, that will be done. I do apologise in advance that we may be interrupted by a division, but we will get that over as quickly as we can and get back. Mr Walsh, was Terminal 5 ready to open?

Mr Walsh: We believed it was, Chairman. We believed that we had prepared sufficiently for the opening of Terminal 5 on 27 March. With the benefit of hindsight, it is clear that we had made some mistakes. In particular, we had compromised on the testing regime as result of delays in completing the building programme for T5 and the fact that we compromised on the testing of the building did impact on the operation at T5 in the first few days after its opening.

Q87 Mr Clelland: But British Airways was totally ready for the opening of Terminal 5 as far as you are concerned?

Mr Walsh: Yes, Chairman, we believe we were.

Q88 Mr Clelland: How did you go about getting staff on board with the move to the new terminal?

Mr Walsh: Chairman, we had involved all of our staff at the Heathrow terminals in a programme that we called "Fit for Five", which ran over a number of years. This programme was designed to engage staff in the benefits of moving to Terminal 5 and also to engage staff in the need for changes in work practices, in terms of how they operate at Heathrow, with a view to maximising the benefit of the move

into a modern, world-class terminal and to provide British Airways with improvement in the standards of service that we offer to our customers and also the standards of efficiency that we operate. In addition to that, we did put all of the staff involved through a programme of familiarisation and training in the new terminal building. I think one of the lessons we have learnt looking back is that, again, because of the delays in completion of the building programme, the training and familiarisation was compromised because, in effect, we were familiarising people in an environment that was not fully complete and, again, having reviewed the operation of T5 in the first few days, that clearly had an impact on our staff. I would like to record at this point how proud I am of all the staff at British Airways, not just those directly working in the terminal but also the hundreds, indeed thousands, of volunteers from right across the airline who have been working hard to deliver customer service to our customers, often in difficult circumstances. I think they have done a fantastic job and have helped us to recover the very damaging situation that prevailed after the initial opening of T5.

Q89 Clive Efford: I am sure we would all agree with that, because clearly the staff have played a significant role in clearing, but it is the decisions that had been made at the top that led to the problems at the opening. Can you tell us, were there ever any discussions between BAA and BA prior to the opening to either scale it down or to postpone it because you had identified serious problems with various aspects of Terminal 5 that were going to cause problems on that day?

Mr Walsh: There were discussions, both to scale it down and delay, and, indeed, we did scale it down. The original proposal for the move into Terminal 5 was that we would move all of our operations that were due to go into Terminal 5, which accounts for about 92% of the total BA operations, on one night. That was due to happen on 30 March. So the original plan was for all of the operations to move in one go. Following a review of the risks associated with that, we decided to split the moves. In effect, there were four identified moves. The first was to move our operations from T1 and our short haul operations from T4 into Terminal 5 on 27 March, followed by the long haul operations from T4, with the exception of flights operating to Australia, on 30 April. In addition to that, we were leaving a small short haul operation in T1, and there was a fleet of thirteen 757s which were originally due to move from T1 into T3 in September with the final move, move four, being the move of the long haul flights to Australia out of T4 into T3 originally scheduled for October but subsequently delayed to January/February of next year.

Q90 Clive Efford: We asked this question of BAA and we did not get the same answer as you have given. You have been much clearer about it. You were aware of the problems, but the decision was taken to go ahead with the opening?

Mr Walsh: Yes.

Q91 Clive Efford: It was felt at that time that the problems were not significant enough to cause the sorts of problems that we witnessed on 26 March?

Mr Walsh: That is correct. I think the decision to split the main moves into two, Terminal 1 followed by Terminal 4, was designed to give us an opportunity to review the operation of T5 following the first move, which is exactly what we have done, and, together with BAA, on the basis of the information that we have gleaned and the review of the operation to date, we have jointly agreed to postpone the move from Terminal 4 into Terminal 5 and to phase that move once we do start it.

Q92 Clive Efford: Do you regret now not postponing the opening of Terminal 5?

Mr Walsh: Clearly, with the benefit of hindsight, yes, I do, but I believed at the time that the move, while it had risks and known risks, would be successful.

Q93 Clive Efford: BAA seemed very reluctant to give the frank answers that you have given. Could you give any reason why that might be?

Mr Walsh: No.

Q94 Clive Efford: You are having trouble reconciling the luggage and reuniting it with some of the passengers that lost luggage on that night. Is that still the case?

Mr Walsh: No, that is not the case.

Q95 Clive Efford: So all items of luggage have now been reunited with every passenger?

Mr Walsh: I cannot say all, but I do believe the vast majority. I know that the press refer to this as “lost”. We do not actually lose many bags but we, what we call, misconnected 23,205 bags in the first few days of operation in T5—the first five days of operation. The last report I had was that, of those, there remained about 125 bags that we had not reunited.

Q96 Clive Efford: The reason that they were misconnected: was that due to problems with the software or was that due to the sheer scale of the operation?

Mr Walsh: No, it was due to a number of factors. I think it would be wrong to say it was solely related to the software, although the software clearly did impact on the operation of the system. I think there was a combination of events that led to the poor performance. It started with issues that you have already heard about: staff being delayed getting into car parks, which delayed their arrival at the terminal building, delays getting through the central search area (which is the security search for staff going from the land side areas of the terminal to the air side). Clearly, the performance was impacted by familiarisation and training. Our staff were not as familiar as they should have been and that impacted on their performance. It was also impacted by software issues that led to difficulties with the baggage system. So it was a combination of factors; I do not think it was any one issue. I think any one

7 May 2008 **Mr Willie Walsh**

of those items, indeed, a combination of a couple of those we could have coped with, but the significance of all of the problems hitting us, in effect, at the very beginning of the operation led to the problems that cascaded through the day.

Q97 Clive Efford: Are you seeking or at least having any discussions about seeking any compensation from IBM or any other contractors that are involved in the scheme?

Mr Walsh: Our relationship is solely with BAA. They have relationships with their contractors who provide parts of the system and the operation; so our relationship is solely with BAA. I think it is fair to say that we have reserved our position in relation to that, but I have not had any discussions with BAA in relation to compensation.

Q98 Clive Efford: On the discussions you had about postponing the opening of Terminal 5, did BAA express any concerns about avoiding service quality rebates?

Mr Walsh: None whatsoever. Certainly, to the best of my knowledge, in all of the meetings that I was involved in it was never mentioned.

Q99 Clive Efford: You accept that the issues that you raised around delays in staff and security staff getting into the terminal would have actually been part of the criteria for service quality rebates post April 1?

Mr Walsh: Yes.

Q100 Clive Efford: But not prior to?

Mr Walsh: I would need to check. I think you are correct, it was from April 1. I do not believe they came into effect on 27 March when we opened, but it was never raised certainly at any meeting I attended—it was never discussed—and in any of the reports that were received it was never mentioned.

Q101 Mr Clelland: When you say, Mr Walsh, that the staff were not familiar enough with the new facilities, what was the reason for that? Was it insufficient training?

Mr Walsh: I think, again, with the benefit of hindsight, we would have to say that we did not provide them with sufficient training and familiarisation. The programme that we had identified, which generally involved four days of familiarisation and training, was not sufficient, and to some degree that was because the environment in which we provided that was a building that was not fully complete, so to some degree we were showing them around a building that was different when they arrived on day one, and that was clear to me when I arrived at T5 on the morning of 27 March. I was there at 3.00 a.m., just after 3.00 a.m., and I met with some staff. It was regrettable that they had not received sufficient familiarisation to make them feel comfortable in that environment. I think it is important to remember, if you put a staff member in uniform in a brand new environment, people who encounter those staff expect them to know more, and I regret that we put our people in that position.

Q102 Mr Clelland: But was there no warning of that? Did the staff themselves or their trade union representatives point out that there was going to be a problem here?

Mr Walsh: I think, to be fair, quite a number of people expressed concerns about various different aspects of it. Many of the things that people expressed concerns about actually worked very well on the day. It is interesting. I have not as yet met anybody who was able to predict the particular problems that we encountered, but, yes, people did express concerns about how this would go, and I think that is understandable given the scale of the change involved. If we were to do it again, we would do things differently.

Q103 Mr Wilshire: There is a number of questions you heard me ask BAA. One or two of them I would like to repeat to see what your thoughts are. You heard BAA argue that perhaps we are being somewhat premature. You heard me quote from what Unite said. Could I quote you something else that Unite said and see whether you agree with this. It says, "Given this"—the bit that I read earlier—"a body of work is underway in an attempt to resolve a number of significant issues within ground handling and customer service departments. To raise these issues in a public setting at this time, we believe, could have a detrimental impact on the ability of the parties to find a resolution." On the basis that baggage handling and customer services are probably yours rather than BAA's, do you agree with the union?

Mr Walsh: I think I may have misunderstood what the union said, but I think they said it was premature and then appear to have gone on and said quite a lot. I do not think this is premature, this hearing. I am clearly in a position to answer most of the questions if not all of the questions you will pose. There are issues that we are currently working on. I would not describe any of those as being major. Again, I think these were issues that we expected to have to deal with following the opening. I think it would be foolish for anybody to believe that we could undergo change on this scale and not require a review of how things were operating, and that is exactly what we were doing, but I think the relationship that we have with the trade unions involved and the employees directly is a positive one. I believe we are working together make T5 a success and I believe we will succeed in that.

Q104 Mr Wilshire: Some of the earlier questioning was about what you had decided to move and when you were deciding to move it, and some people have argued that trying to move 70% in one go was too much. Would it have been possible to take part of the business out T1 and leave the rest there and do it in two phases, or would that not have been practical?

Mr Walsh: I think incredibly difficult. I would not say it would be impossible but incredibly difficult, and in the main that relates to the way we integrate our aircraft. For example, you could not have a situation where some flights to Paris went from T5 and others flights went from T1. That would create

incredible confusion at the airport. So we had to look at how the aircraft are integrated. We do not have aircraft that solely operate on any one particular route; they tend to be integrated into a number of different routes; so I think it would have been very, very difficult, but not impossible. The point to raise, however, is that while we talk about 70% of flights, it was measured that it was about 50% of passengers and just over 50% of the bags, because most of the flights that we were moving into T5 were short haul. I know 70% sounds like a big figure in the overall scale of things, but it represented just over 50% of the total passengers and I think about 54% of the total baggage, and we felt that that was manageable. Equally, we felt it was sufficient volumes to allow us to review the operation in T5 following that move and make a decision in relation to the move from T4.

Q105 Mr Wilshire: There were a number of disparate issues that went wrong or were wrong on 27 March, which have been described, I think by you as well as by BAA, as teething troubles, and then there is the big collection of problems with the baggage handling system. Is it your view that if it was only those teething problems they would not have brought the chaos that we saw?

Mr Walsh: Absolutely. It would have been a great success.

Q106 Mr Wilshire: So the focus needs to be on the baggage problems, and that is where we should do our research, should we?

Mr Walsh: No, no, I think the focus needs to be on all of the issues, because you cannot separate—as I said, we could have coped with a lot of the issues. For example, had there been no teething problems and solely baggage system problems, I believe we could have coped with that. It was the combination of all of these things that led to the problems. I think it would be unfair and, indeed, wrong to say that the baggage system errors were the sole cause or, indeed, the main cause of the problems; it genuinely was the combination of all of these factors and, most particularly, it was the combination of all of these factors impacting on the operation at the very beginning of the operation. We had these problems from the moment the terminal opened. Had they happened on a phased basis through the day, again, I believe we would have been able to cope.

Q107 Mr Wilshire: The BAA evidence and commentators have produced a list of things that were not ready on 27 March. Were you aware of anything that would not be ready on 27 March and, if so, what?

Mr Walsh: Yes, I was aware. We were aware that aspects of the building had not been completed, and that was factored into our decision-making. We had particular concern around the number of lifts that were operating and commissioned in the building. They had been delayed and that was something that was concerning us. Indeed it was probably the issue that was of most concern to us before operations started on 27 March. So, yes, I was aware of some,

but not all, of the issues, because I think a number of the items that, if you like, failed over the first few days from time to time we were not aware of. Aspects such as standing guidance only became apparent when we had put all of the flights into Terminal 5. They had some impact—I would not describe it as a major impact—on our approach.

Q108 Mr Wilshire: How long had you been aware of those problems?

Mr Walsh: Since of the official completion date, which was 17 September 2007. That was the date on which the building was supposed to have been finished and moved from a building project into what we called “ops readiness”. So, going back as far as 17 September 2007, we were aware that the building programme was not 100% complete. We were aware of these things, and that is why I say I regret the fact that we allowed that to compromise on our testing and familiarisation. If I was to do this again, I would not compromise on that testing and familiarisation.

Q109 Graham Stringer: The Sunday Times and the Air Transport Users Council said you did not pay the compensation you should have paid under EU regulations for passengers who were delayed. Is that accurate? In your evidence to the committee you say you paid out completely.

Mr Walsh: Yes, I believe we have complied with the *EU Regulation 261/2004*. I think there were some examples on the first day of operation in the height of the disruption when inaccurate information was given, but we corrected that. My understanding is the CAA sent some mystery shoppers out to the terminal building on the days after that and found that we were compliant with the EU regulations.

Q110 Graham Stringer: But on the initial day your employees were going out and offering £100 here and £100 there, which is non-compliant with *261/2004*?

Mr Walsh: That is correct. I think there was some incorrect information given, but we moved to correct that as soon as possible. I think you have got to understand the scale of the disruption that we were encountering on the day. I regret that, but we moved as quickly as possible to correct that, and I believe that, where required and where passengers have made claims under *EU Regulation 261*, we have complied with that fully.

Q111 Graham Stringer: Though there might still be some people left who were given the wrong information who have not come back and claimed?

Mr Walsh: There could well be.

Q112 Graham Stringer: You talked previously about familiarisation. Can you just talk us through what actually happened with the familiarisation process?

Mr Walsh: The familiarisation entailed between two to four days of training and familiarisation where people were brought into the appropriate areas of T5 which they would be working in, shown around the area, shown where they would need to report, shown how the processes would work, the equipment that

7 May 2008 Mr Willie Walsh

they would be using. It was what I would call general hands-on familiarisation with the new working environment.

Q113 Graham Stringer: Were the staff and management who were going to be involved all familiarised?

Mr Walsh: No, not all, but not all of the staff or management were due to move into T5 on the first day of the operation.

Q114 Graham Stringer: I will be more precise in my question. Were the staff who were moving in the first day or two all familiarised?

Mr Walsh: I cannot answer that directly because I have not met anybody who has told me that they were not, but I do know that there were people who had not completed the familiarisation programme because they were not due to be in there. I think I might be misleading you if I said that everybody was, but I think the vast majority of people were.

Q115 Graham Stringer: I have been told it was a very low percentage, and that was one of the problems that went wrong, that it was relatively smaller numbers of managers and baggage handlers who had been through the training process?

Mr Walsh: No, I think, from figures that I have seen, it was certainly in excess of 80% of the people who had completed it. I can actually check. I think I have some records of it here. For example, there would have been some people who were absent through illness, through various issues during some of the familiarisation who would not have completed it.

Mr Clelland: The committee stands suspended for 15 minutes pending the division. I apologise, Mr Walsh. It will give you a chance to look at your notes.

The Committee suspended from 4.30 p.m. to 4.54 p.m. for a division in the House

Q116 Graham Stringer: You were about to tell us how many people had been familiarised.

Mr Walsh: Yes, in total 94% of the staff had been through some or all of the familiarisation, but to give you an indication, for example, our loading staff, 89% completed the first day, 83% the second day, 85% the third day.

Q117 Graham Stringer: Loading staff are baggage handlers, are they?

Mr Walsh: They are the people who will put the bags on board the aircraft having been—what we do, as you probably heard BAA describe, we take the bags from what are known as the laterals, so this is in the baggage hall, and we load them into what are known as unit load devices, ULDs, otherwise known as bins, and then they are taken out to the aircraft and placed on board the aircraft.

Q118 Graham Stringer: In the training familiarisation process of the loaders, did they actually use the equipment or did they just look at it and find out where it was?

Mr Walsh: No, in the main, this is equipment that they are using already, it is equipment that they would be familiar with, but there are some aspects of the equipment that are new. What has changed are the procedures that we use. To a large degree they would have been familiar with the equipment, but the procedures that we apply in T5 are different to the procedures that we apply in T1 and T4.

Q119 Graham Stringer: You say 80 odd per cent of the loaders participated. Was there any resistance to participation?

Mr Walsh: Not that I am aware of. I am not aware of anybody resisting familiarisation. I am aware that not everybody managed to go through all of the familiarisation. What we are doing is ensuring that anybody who has not yet worked in Terminal 5 will go through a period of familiarisation before they work in the new environment.

Q120 Graham Stringer: You said earlier that you were aware that there might be problems, you just did not expect them all to happen at the same time. What plan Bs were given to the staff if and when things went wrong? Did they have contingency plans?

Mr Walsh: Yes, we had two levels of contingency. We had contingency at an airport operating level and we then had an overall what we call crisis management contingency that would go in to control if things developed beyond routine disruption, and that is in fact what happened. So, we had contingency plans that were managed by the management team in the operation and then they were elevated to our crisis control centre, which was put into operation, I think, on 26 March and remained in operation through to, I think, 20, 21 April.

Q121 Graham Stringer: Is that purely a management tool or did the manual workers, the baggage handlers, loaders understand it?

Mr Walsh: There were different plans drawn up for different aspects of contingency, and that would have been communicated to them.

Q122 Graham Stringer: That was communicated vertically, was it?

Mr Walsh: Not all of the plans would have been before going into operation; some of it was communicated. In fact, we adapted operating procedures to deal with some of the particular problems that we encountered in the first few days of operation.

Q123 Graham Stringer: If we go back to *The Sunday Times* article I referred to before, it said that some of the baggage handlers, some of your staff, were walking about with PDAs, hand-held computers, having absolutely no idea what to do, and the computers were telling them to stop or go and they were completely lost. Is that accurate?

Mr Walsh: I have not read the particular article that you refer to.

Q124 Graham Stringer: I find that extraordinary, Mr Walsh.

Mr Walsh: That I have not read the article?

Q125 Graham Stringer: Yes.

Mr Walsh: I can assure you I have not.

Q126 Graham Stringer: I believe you, I just find it extraordinary.

Mr Walsh: There is a work allocation device that we call RMS.

Q127 Graham Stringer: It is like a hand-held computer, is it?

Mr Walsh: Yes, it varies in different parts. In some parts of our operation effectively it is a mobile, but, yes, it is like a PDA for people, and that assigns them to a particular work activity. That is something that, in the main, we had put into operation at Heathrow well before the move into Terminal 5 but not in all areas before we moved into Terminal 5. That is a work allocation system that, in effect, is a new way of allocating jobs to people who work at the airport. It did have teething problems, yes.

Q128 Graham Stringer: Does that mean it did not work?

Mr Walsh: No, it worked, the system worked as designed, but it relies on people to allocate the work. It is not an automatic system, it is not a computerised system that automatically assigns work. We have allocators that look at what work needs to be done and then assigns people to those various jobs. I would not say it is working as well as we would expect, but it is working, to a large degree, effectively and will improve and has indeed improved.

Q129 Graham Stringer: Can I finish with one or two questions relating to the evidence we heard from BAA. They described a situation through this crisis where relationships between themselves and you were hunky dory, were very good. Is that how you would have described the working relationships?

Mr Walsh: In the circumstances I think the working relationship since 27 March has been good, yes.

Q130 Graham Stringer: What have the communications been like?

Mr Walsh: I think they have, in the main, been very positive. I have had regular contact with Colin Matthews. We have met on several occasions. We have spoken to one another on the phone. He has my mobile number, I have his. I have no complaints about the way we have been communicating with one another. I think it has been effective. I think we are genuinely working together to resolve the issues in the interests of our customers.

Q131 Graham Stringer: What has been the biggest problem that you have had to resolve between you?

Mr Walsh: I think in terms of challenges, it is the challenges going forward. As we have identified problems we have been addressing problems.

Q132 Graham Stringer: I would like you to be specific so that the committee can get a flavour of issues that you have resolved, argued about, disputed. What have they been, the areas you have resolved?

Mr Walsh: The areas we have resolved have, in the main, related to problems that we encountered on day one, first and foremost. So car parking issues were resolved on the day.

Q133 Graham Stringer: That meant opening the car park?

Mr Walsh: Yes, and signage and redirection of staff when there are problems. That was sorted out fairly quickly. The staff central search area has been significantly improved. I would not say it is completely operating at the level that we would want, but it has significantly improved.

Q134 Graham Stringer: That is BAA not providing enough security staff.

Mr Walsh: I think they provide enough security staff. From time to time different security channels are either open or closed and that creates a problem for us. If our staff going to one area of the building—you have to remember the scale of this building, this is a very large building. If they go to one staff search area and that is closed, they are redirected to another one, which could be some considerable distance away. There are issues like that, but in the main we have resolved those. The specific software issues related to the baggage system that created challenges in the first few days. As Colin said, the main one, which was a software filter that had been installed as part of the testing system, was identified on the Sunday—that is 30 March—and removed that day; so from Monday 31 March, if I have got my dates right, that issue was addressed. A number of the software problems that created problems were resolved within the first four days of operation.

Q135 Graham Stringer: Will there be any litigation at the end of this process?

Mr Walsh: I would hope not.

Q136 Graham Stringer: Are you briefing lawyers at the present time, or will there be litigation with BAA or the software providers, IBM, or anybody else?

Mr Walsh: Again, our relationship is with the BAA. We do not have any direct relationship with any of the software or hardware providers. I would hope that we would be able to avoid any litigation.

Q137 Graham Stringer: That sounds as though you are briefing lawyers.

Mr Walsh: We have reserved our position in relation to that. Again, my lawyers will advise me on that, but I have never sought to follow legal avenues to resolve issues; I prefer to try and resolve them through direct discussion and negotiation.

Q138 Graham Stringer: Do you think that the problems surrounding the opening of T5 have made it less likely that Heathrow will get a third runway?

7 May 2008 Mr Willie Walsh

Mr Walsh: No, actually I do not. I think what it has done is brought firmly into focus the importance of Heathrow to the UK economy. I have heard people talk about this being a national embarrassment. I think, if we are to be honest, Heathrow has been a national embarrassment for many years and it suffers from poor operational performance which is largely, if not solely, as a result of inadequate runway capacity. The only way we can deliver a robust operation at Heathrow is if we address runway capacity. So I would like to think that this has, as I said, brought into focus the importance of Heathrow as a critical piece of national infrastructure and that people will do what is necessary to ensure that we have an efficient international airport we can all be proud of.

Q139 Mr Clelland: Have all the problems with the jetties now been resolved?

Mr Walsh: Yes, largely they have. Any problems that we have now are what we call routine issues.

Q140 Mr Clelland: What did you put the additional problems down to?

Mr Walsh: It is new equipment. There were issues such as calibrating the equipment, so it required engineers to correct and restart the equipment, but, again, once people become familiar with the equipment—

Q141 Mr Clelland: The people who were operating the equipment were unfamiliar with it, is that what you are saying?

Mr Walsh: There was a degree of familiarisation.

Q142 Mr Clelland: You thought everything was perfectly okay with the operation?

Mr Walsh: No, there were issues with this operation as well, but it was a combination again. As I said, in the same way as familiarisation impacted operations right across the airport, I think familiarisation impacted on the operation of the air bridges as well, but, in the main, I think they are working as they were designed to work.

Q143 Mrs Ellman: In the very recent written evidence that you have given to us, you say that you will continue to work with BAA to resolve the main problems, including the baggage system and its operation. Could you tell us what the situation is concerning baggage?

Mr Walsh: The baggage system, as Colin Matthews said, is actually working very well today. The design criteria that we used was that there would be system generated errors. The measure we use is one bag per thousand passengers; so the design criteria was that there would be system generated errors of no more than one bag per thousand passengers. During the trialling and testing of the system we had got that down to around five bags per thousand passengers. So, that was a known risk at the time of going in. Since then that error rate has got down to about 1.2, 1.3 per thousand passengers, so it is still not at the design rate of one per thousand, and we continue to work down to get it down to that design level. To put

that into context, that would be a very good performance from any baggage system. That is better than any of the other baggage systems.

Q144 Mrs Ellman: What are the other problems that you are still working on?

Mr Walsh: The other problems largely relate to the fact that we need to be satisfied that there is sufficient server capacity: that the servers that operate the system can cope with a significant increase in the volume of bags going through. One of the things that we have recognised during the current live operation is that the amount of messages that the server is coping with are significantly more than the modelling that was done; so we believe additional server capacity is required. We also believe a better testing environment is required for the system. These are largely IT related issues that can and will be resolved.

Q145 Mrs Ellman: You have lost two of your directors, the Director of Operations and the Director of Customer Services. Why did they have to go? What had they done wrong?

Mr Walsh: I am sorry, I am not prepared to discuss that at this point.

Q146 Mrs Ellman: You are not prepared to say why those particular people went?

Mr Walsh: No.

Q147 Mr Clelland: Or whether it was related to the T5 experience.

Mr Walsh: I think it would be inappropriate for me to discuss that at this point. They are not here to defend themselves, so I think it would be wrong for me to make comment at this stage.

Q148 Mrs Ellman: It is a little odd. You yourself made a statement on 28 March where you said, "I take responsibility for what happened. The buck stops with me."

Mr Walsh: Yes.

Q149 Mrs Ellman: Those two have gone. You are still here. What should we conclude from that?

Mr Walsh: What you conclude from that is exactly what I said. I take responsibility for these issues. The buck does stop with me. I am answerable to the Board. I think I have made it very clear that I am accountable to the Board. I have put my hands up and said, "I take responsibility for this." The decisions ultimately rest with me and I am not afraid to say that we got things wrong. I take responsibility for those mistakes, and I am prepared to be held accountable for what has gone wrong in the same way as I like to take the credit when things go right.

Q150 Mrs Ellman: Were the two directors who have now gone being held accountable for what they have done?

Mr Walsh: As I say, I think it would be inappropriate for me to comment given that they are not here to comment themselves.

Q151 Mrs Ellman: Are you suggesting then that your position is a matter for the Board?

Mr Walsh: Absolutely.

Q152 Mrs Ellman: Have they considered your position?

Mr Walsh: I think you would have to ask the Board that. I have made it absolutely clear I have no intention of resigning. My performance is always an issue that the Board has to deal with. I am accountable to the Board on an on-going basis. On this occasion I have no hesitation in publicly stating that I take responsibility for the issues that went wrong.

Q153 Mrs Ellman: Have you made confidentiality agreements with the two directors who have gone?

Mr Walsh: I am not prepared to talk about that.

Q154 Mrs Ellman: The buck stops with, you are still here.

Mr Walsh: Yes.

Q155 Mrs Ellman: Two senior people have gone and you are not able or willing to say why they might have gone.

Mr Walsh: I am not willing to talk about it given that they are not here to comment about their own position.

Q156 Mrs Ellman: What would you say about the financial implications of what happened in relation to BA?

Mr Walsh: The financial implications?

Q157 Mrs Ellman: Yes.

Mr Walsh: We have assessed the financial impact for the first four days of operation at being £16 million—I am sorry, the first five days of operation, 27–31 March, as being £16 million.

Q158 Mrs Ellman: What about the damage to your reputation?

Mr Walsh: Clearly our reputation has been damaged, and we are working hard to recover that. I think the best way we can recover our reputation is to demonstrate to everybody that T5 is and can be a fantastic success and I believe we are delivering on that.

Q159 Mrs Ellman: Have you carried out all the investigations you intend to on how what happened did happen?

Mr Walsh: I think we have carried out most of them. I would not say we have finished all of them, but I am satisfied that we understand probably 95%, if not more, of the issues that led to the problems that we encountered in the first few days of operation.

Q160 Mrs Ellman: How would you describe your current working relationship with BAA?

Mr Walsh: I would describe it as good.

Q161 Mr Hollobone: We heard in the previous session that disasters with terminal openings around the world have happened in the past, and BAA said that they knew of the difficulties, yet some of the lessons were not learned as they should have been. Did you yourself or anyone in the senior British Airways team look at previous terminal openings in other countries and try and draw appropriate lessons from that?

Mr Walsh: Yes, we did.

Q162 Mr Hollobone: Which particular airports did you look at?

Mr Walsh: We looked at a number of airports that have been mentioned, Denver is probably the most notable one because of the issues relating to the baggage system, but the same applied to Hong Kong. I have had many airline CEOs and airport CEOs contact me and tell me about the difficulties that they had and the scale of challenges that they faced and comment on how surprised they are that we have been able to overcome most of the problems that we have encountered in a very short period of time. We did look at the way that other airport openings went. I believe we did learn valuable lessons. I think the mistake we made, and I go back to the comments I made earlier, was having learned those valuable lessons we compromised on the testing of the building as a result of delays in the building programme. If I was to pick on one issue that I would do differently if I could go back and do it again, it is that particular issue. Having recognised the importance of testing and having designed into this project a full six months of testing from 17 September to 27 March, we subsequently compromised on that testing programme, and that was a mistake. I think that is a lesson we should have recognised at the time and we certainly recognise now.

Q163 Mr Hollobone: Am I right in saying that you were recognising that before you went ahead with the opening?

Mr Walsh: Yes, that is correct.

Q164 Mr Hollobone: So there could have been an opportunity, could there, for yourselves or BAA to delay the practical opening of the terminal until they were resolved?

Mr Walsh: That is correct, yes.

Q165 Mr Hollobone: Did you at any point have that conversation either within your own senior management team or with British Airports Authority to say, “Look, we have got a problem here. We have made too many compromises. Let us delay it for a month, make sure we get it right.” Was that discussion had?

Mr Walsh: We discussed it internally all the time. Every week we reviewed the progress that we were making. I think, to be fair, however, the complexity associated with any large-scale delay was something that weighed heavily on our minds. The idea of just

7 May 2008 Mr Willie Walsh

delaying things by a month was not necessarily an option that was available to us. I think, in reality, what we would have been considering was a delay of a season, which is from March to the end of October—that is the summer operating season—and, in effect, to delay the move for a full six months until the winter scheduling season because this is very complex. We sell our product 360 days in advance, we have to advise schedules and integration months in advance, so this is not a simple issue of just turning around some day and saying we are going to delay; and that is an issue that we are dealing with at the moment in relation to the decision to delay the move from T4 into T5. That is incredibly complex, so, yes, we consider this all of the time. As I said, my regret is that we did compromise on the testing programme, but we did this with our eyes open. I am not trying to say that we were misled, misguided: we did this with our eyes open, we knew this was a risk, it was a calculated risk and a risk that I agreed to take.

Q166 Mr Hollobone: So the decision to not delay by six months was a decision for British Airways alone?
Mr Walsh: Yes.

Q167 Mr Hollobone: At what point was that decision taken?

Mr Walsh: The first decision in relation to “go” was taken in mid August 2007. It was then taken again on 17 September when the building work was supposed to have been complete and we reviewed it, as I said, every week after that, but, in effect, the “go” decision, the first formal “go” decision was in August 2007.

Q168 Mr Hollobone: When was the last “go” decision?

Mr Walsh: It quite literally was in the weeks running up to the opening on 27 March.

Q169 Mr Hollobone: What would have been the cost to British Airways if you had decided not to go ahead?

Mr Walsh: Significantly greater than the cost that we incurred as a result of the problems that we encountered in the first few days.

Q170 Mr Hollobone: How much greater significantly?

Mr Walsh: By many times.

Q171 Mr Hollobone: What is the annual advertising budget for British Airways?

Mr Walsh: It is about, in total, over £100 million.

Q172 Mr Hollobone: What is your sense of the public’s perception of the opening of T5? Do you think the public see it as British Airways doing something wrong or British Airports doing something wrong?

Mr Walsh: I think, given that I stood up and said it was my fault, I think the public largely believe it was a British Airways mistake. I think most people believe it was my mistake.

Q173 Mr Hollobone: Do you think the public are right to draw those conclusions? Have you taken more than your fair share of the blame?

Mr Walsh: I knew what I was doing when I stood up and said what I said on 28 March. The people who bought tickets, bought tickets from British Airways and expected us to deliver the product to them. I do not believe they expect me to point the finger at somebody else and say they are responsible. Our relationship is with our customers. I believe we let our customers down, I believe we should have done better, I believe we could have been done better and I have to accept responsibility for that.

Q174 Mr Hollobone: That is big of you.

Mr Walsh: I do not think it is big. I do not do it to be big. I do it because I believe that it is right.

Q175 Mr Hollobone: I would have thought it is good that you are putting your customers first, but our job in this committee is to try and understand the root of the problems of the opening of the terminal, and, on the one hand, you stepped up to the blade, British Airways is going to take responsibility, but the crucial decisions that led up to what was a very embarrassing period, not just for both companies but also for the country, do not necessarily lay with the majority of British Airways.

Mr Walsh: I think the decision to move was a decision that British Airways took. As you quite rightly asked, “Could we have said no?” We could have. That would have postponed the opening. Would the opening have been better? I would like to think it would, but we have learnt from our experience. Maybe we would not have learnt by just postponing it. The lessons we have learnt are not necessarily lessons that were obvious to us at the time, but the decision to move was a decision that we took. BAA, I think to be fair, would definitely have put pressure on us to move. Could they have forced us to move? No, I do not believe they could. Had we felt that the opening would be a disaster and just would not work, we would not have moved.

Q176 Mr Wilshire: A number of things that have come out of this session, if I could clarify them slightly. You are explaining where your contractual relationships are, yourself to BAA, then BAA back to the supplier of baggage installations. I understand that. In the list of things that went wrong—a lot of these sort of computer glitches, operating glitches, programming software glitches—were you and your experts able to play any part in saying that it has gone wrong, this is perhaps how we might put it right, or did you have to sit it out and wait for other people to solve it for you?

Mr Walsh: No, our involvement at that level would have been as observers. We certainly offered our advice and our opinion and on a number of occasions our advice and our opinion was accepted. I believe it was our IT people that identified the problem relating to the software filter that had remained in place until Sunday 30 March, which had an impact on the operation of the baggage system,

but we do not have any hands-on activity with relation to either the software or the hardware involved in the baggage system.

Q177 Mr Wilshire: Given that you had experts of your own that were able to help and do a bit of identifying, were you able to make any input into the design of the system in the first place?

Mr Walsh: I believe we did have some. We were aware of the design, and I think the design is good actually. I think the physical design of the baggage system is an effective design, I think the interface between the software and the hardware was an issue that did cause us concern and our IT experts did express concern in relation to that, but that was as observers watching what was going on, so we were aware of the design. The physical layout of the baggage system, I believe, is very effective and I believe it will be a system that will work well for us.

Q178 Mr Wilshire: You are indicating you were able to offer and provide help. In their evidence to us, the Department for Transport say that the Secretary of State made clear to BA and BAA that the Department for Transport stood ready to assist appropriately with operation and assistance if called upon. Did they give you any indication what they thought they might be able to do to help.

Mr Walsh: I am not clear what that relates to. They did give us assistance after the problems of the opening with regard to repatriation of bags. If I could explain, the EU has a security standard in relation to baggage and general aviation security, *EU Regulation 2320*. The UK requires us to operate to a different, some would say higher, standard. So under EU regulations bags that miss their flight can be put on the next available aircraft without additional security screening if the reason the bag missed the flight was because of a failure of the baggage system. Had this problem happened in any other airport outside the UK we would have been able to repatriate the bags much quicker. However, the UK security requirements require us to security screen each individual bag again, and the department did provide us with assistance in doing that in the most effective way, which may sound strange but was to transport the bags by road to Gatwick and use facilities that were available to us at Gatwick to screen the bags again before either despatching them directly from Gatwick, and I think we sent about 3,500 bags directly from Gatwick, and, in addition to that, about 15,000 bags, 15,500 bags, we security screened at Gatwick but then brought them by road back to Heathrow to send them on flights from Heathrow. So we did get assistance from the Department for Transport in relation to compliance with the UK security requirements.

Q179 Mr Wilshire: So the publicity you got for sending bags around the place as being a sign of incompetence was actually done because the Department for Transport were helping you?

Mr Walsh: I know it is difficult for people to understand why we would do it that way, but in the interests of the customer and in the interests of getting the bags back as quickly as possible, we used a number of different facilities to repatriate bags. We sent just over 4,000 bags to Milan for processing at Milan. These were bags that were for passengers that were based in Europe, living in Europe. We were able to send them by road, which meant that they did not require additional security screening, because they only require security screening if they have to go on board an aircraft, so they were sent by road to a distribution centre in Milan and processed at Milan for onward distribution direct to the customer. We also, as I said, sent in total just over 18,500 bags to Gatwick for security screening. We despatched some bags to Memphis with Fed Ex for passengers who were based in the United States. So we used whatever channels were available to us, given that the baggage system at T5 was not available to us. In normal circumstances you would use the baggage system at the airport, but given that that was not operating properly, we had to use other sources to repatriate the bags. As I say, strange as that may sound, it is actually the quickest way of getting the bags back to the individual customers.

Q180 Mr Wilshire: This issue of lost bags, in an ideal world nobody would ever lose any, but it is inevitable that some will go walkabout however hard people try. Have you got any comparative figures between what is the situation between baggage problems now at Terminal 5 compared to one, two, three and four?

Mr Walsh: Yes, in the main terminal five is working better than our historical levels in T4, for example. We measure performance in different ways. The first is performance for direct bags. This is where the bag is being deposited at the airport by the passenger who is travelling directly on the flight. The other way we get bags is transfer bags. They can be transfer bags from our own operation or from other airlines. The most significant problem we tend to have is with transfer bags. A lot of these are outside of our control and a lot of them are not related to baggage problems. They can be related to the fact that passengers move through the airport an awful lot quicker than the bag can move through the airport. So a passenger can often make a flight because the passenger runs to connect, whereas the bag goes into a physical system that operates at one pace. The main problem we face at Heathrow is with transfer bags, but the T5 baggage system, in the main, is working better than the performance of T4, which is the main transfer area that we operated prior to moving into T5.

Q181 Mr Wilshire: In an ideal world, again, nothing would ever be delayed, but this will happen. Do you keep figures separately for delays at Terminal 5 which are caused by problems within the terminal as distinct from delays which are caused by air traffic control and runway problems?

Mr Walsh: Yes, we measure delays in all of our terminals by cause of delay.

7 May 2008 Mr Willie Walsh

Q182 Mr Wilshire: Would you be able to let us have the comparison between terminal delays and air traffic control delays at T5?

Mr Walsh: I am sure we can. I do not believe it is commercially sensitive. I would be happy to do that. In the main the delays that we encounter at Heathrow are related to the runway capacity.

Q183 Mr Wilshire: You explained you did not read *The Sunday Times*, I therefore suspect you might not have read the article saying that you were desperately trying to put things right and repair the damage done to your reputation. Is there any truth in the newspaper report that you were giving out air miles as if they were going out of fashion as one of the methods?

Mr Walsh: I am pleased to say, we do not give things away as if they are going out of fashion. We do compensate customers at various levels and on a routine basis, and we have always taken the view that the EU standards represent the minimum that applies, so we do look after our customers as best we can.

Q184 Mr Wilshire: So we should not always believe what we read in the papers?

Mr Walsh: I certainly do not.

Q185 Graham Stringer: You explained before you do not read *The Sunday Times*. Do you read *The Standard*?

Mr Walsh: I rarely read the papers at all, to be honest. I do not get time

Q186 Graham Stringer: Very wise. *The Standard* today is saying that part of the problem in T5 was because you used a bar code system for luggage and not the more efficient and effective microchip system?

Mr Walsh: Total and utter rubbish, Chairman. I am sorry to say, while RFID, which I suspect is what they are referring to but I have not read the article, could represent a way forward, this is new technology that is not available at most, if not all, of the airports that we fly to. The normal operating system that every airline follows in pretty much every airport in the world is bar codes, because RFID has not been proven to represent any benefit. I am pleased to say, IATA, the International Air Transport Association, have done research into this, a cost-benefit analysis of the application of RFID, and while it would be beneficial in some cases, it

would not justify the probably billions of pounds of investment that would be required on the worldwide airport network to have an effect system.

Q187 Graham Stringer: You have recognised that BA's reputation has been damaged through this. It would be a surprising if it was not. Is the morale of staff higher or lower since 27 March.

Mr Walsh: I would say it is lower.

Q188 Graham Stringer: What are you doing make it higher?

Mr Walsh: We are working hard to engage directly with our people. I think one of the things we need to do, and I think this is an important issue, is to reflect on some successes. T5 is working very well. I know your focus is on what went wrong, and I think a continuing focus on what went wrong does not do anything to improve morale. We are operating to a very high standard in T5 today. It has exceeded our expectations at this point in our operation. I think our staff are doing a fantastic job. It does not help that we continually read about the negatives. I think it would help for people to reflect on some of the positives, and there are a lot of positives to reflect on. I always feel that the best way to address this is to demonstrate to people that we are overcoming the challenges, we clearly are listening to the concerns that have been expressed, we have recognised the issue of familiarisation and we have moved to ensure that all new people moving into Terminal 5 are provided with adequate familiarisation before they go into work there, to ensure that they feel comfortable in an environment that clearly has been portrayed as being very difficult. But T5 will be a fantastic success, and while the opening of T5 was a disaster, or any words you want to use—I am not going to disagree with that—I always said that my measure of success for T5 would be one year on, looking back at our first year of operation, and I believe one year on from the opening we will look back at a successful T5 operation.

Q189 Mr Clelland: On that happy note, I wish to finish, Mr Walsh. Thank you very much for the clarity of your answers, with the possible exception of the issue of the two directors, but perhaps that might become clear in due course. Our inquiry is ongoing and we may have further points of clarification. I am sure you would be happy to cooperate if that were the case?

Mr Walsh: Absolutely.

Mr Clelland: Thank you very much for your evidence today.

Wednesday 9 July 2008

Members present

Mrs Louise Ellman, in the Chair

Mr Philip Hollobone
Mr John Leech
Mr Eric Martlew

Mr Lee Scott
Graham Stringer
Mr David Wilshire

Witnesses: **Mr Steve Turner**, National Secretary for Civil Air Transport, **Mr Iggy Vaid**, Senior Shop Steward, **Mr Rizwan Aziz**, Branch Chair, BAA Heathrow, **Ms Jackie Reed**, Trade Union Side Secretary, BAA Heathrow, and **Mr Stanley Peters**, BAA Shop Steward, Unite—the Union, gave evidence.

Chairman: First, I should like to ask Members whether they have any interests to declare.

Mr Martlew: I am a member of Unite and the GMB unions.

Graham Stringer: I am a member of Unite.

Q190 Chairman: I am also a member of Unite. I welcome our witnesses this afternoon. I ask you all to introduce yourselves, starting on the left.

Mr Peters: I am Stanley Peters of Unite.

Ms Reed: I am Jackie Reed, a trade union side secretary which co-ordinates the four trade unions with the company at Heathrow.

Mr Vaid: I am Iggy Vaid, British Airways employee and senior shop steward in BA

Mr Turner: I am Steve Turner, national secretary of Unite, civil aviation.

Mr Aziz: I am Rizwan Aziz, chairman of the Unite branch at Heathrow.

Q191 Chairman: BAA has told us that one of the two reasons why there was such a calamitous opening of Terminal 5 was lack of staff familiarisation and training. Do you agree with that?

Mr Aziz: There was training. I do not think that training was adequate. Do you mean the training specifically on the security side?

Q192 Chairman: I am relating to you the verdict of BAA as given to this Committee. It gave two reasons one of which was lack of staff familiarisation and training. I am asking all of you as union representatives whether you agree with that statement. Mr Aziz, do you agree with that statement?

Mr Aziz: I do not agree with that statement. There was not a lack of familiarisation and training as far as BAA was concerned. We are there for the security aspect as well as other areas. The training was there and time was scheduled for it. We had no real input into the type of training given, so it would be unfair for me to make a comment on whether or not it was adequate, but training was scheduled for the period. I do not think I would have enough knowledge or insight into the training itself to say whether or not it was adequate.

Q193 Chairman: Would anybody else like to comment on that?

Mr Vaid: As far as British Airways was concerned we had a similar problem with familiarisation and training for most or all the staff. The training was called "Fit for 5". People were taken to a hotel and shown some sort of film or slides and told this was what it looked like. They were then given familiarisation training for three days to cover an area as big as Hyde Park. That was not sufficient at all. For that reason people were totally confused. Two days out of the three were devoted to putting them into a coach to show them *x*, *y* and *z*, and where to enter and exit and so on, but what was missing was hands on training as to where the spurs were, where the bags would come in and so on. For baggage in particular it was still a building site. You cannot start to train people there unless you have on a hard hat and all the rest of it. Therefore, the only time available to show these people around was the very last few weeks.

Q194 Chairman: Did any of you raise problems about training with the management?

Mr Vaid: Yes, we did raise it. Obviously, it was a big concern to us that our people were telling us they had not picked up what they were trying to tell them. It was not only a matter of familiarisation with the building but the IT system had also changed. We have a different system for baggage reconciliation and so on. Then the IBM system was introduced and people were not familiarised with that.

Q195 Chairman: With whom did you raise those concerns?

Mr Vaid: We raised them with our senior management team especially in British Airways. I cannot speak for the airports authority.

Q196 Chairman: When did you raise it with the senior management team at British Airways?

Mr Vaid: I would say that we raised it a good six months to even a year before.

Q197 Chairman: What was the response?

Mr Vaid: As far as concerns the trade union side, I believe they made the decision to involve what we call process engineers who came in and decided what type of process needed to be installed. They only wanted the union to implement that process and it was decided by somebody else, not the people who really worked it. The fact is that they paid lip service to, ignored or did not implement any suggestion we

made. I have a piece of paper in my hand to show that even as early as January there was a meeting with the senior management team at which we highlighted our concerns about how the baggage system and everything else would fail, that the process introduced would not work and so on. We highlighted all these concerns, but there was no time to change the whole plan. Their plan for which way they would go was set up more or less in 2005.

Q198 Chairman: Mr Vaid, you have referred specifically to problems about the baggage system. Were there any other areas of work where concerns were raised and no response was received? Would anybody like to add to what we have already heard on any other aspects of work? Mr Turner, at the end of May you are quoted in the *Morning Star* as saying that “workers had raised concerns about problems with the terminal ‘over a long period of time’ and that ‘these concerns have unfortunately fallen on deaf ears up to this point.’” What were those concerns about, and with whom did you raise them?

Mr Turner: Our members and shop stewards locally had been raising concerns both within BAA and BA for a considerable period in relation to the opening of T5. I was personally not involved in those discussions. I was appointed national secretary of the aviation division only in March and was not around at the time of these deliberations, hence I have brought with me today a number of colleagues who can give first-hand evidence of what was going on at the time. But a number of concerns were raised about the process engineering issues that BA was introducing at the time of the transfer to T5. They have been working in conjunction with BAA but there has been a total failure to consult with the trade unions. We have a document which was produced by a senior member of BA’s HR management, Veronica Kumar. That was published in *Human Resources* magazine in February 2008. It talks about Terminal 5 as being the Nevada state for BAA and BA, a union-free environment in which the employers address employees directly and circumvent the interests of the trade union collectively in any discussions, consultations and deliberations on the development of T5. I believe that is a fair reflection of BA’s and BAA’s approach to the trade union consultation in the run-up to the opening of T5. They made their decision to employ process engineers to develop the operation in T5 and when they spoke to the trade union side about it in constitutional forums it was an imposition of a position. How will this work? Our consistent response to BA was that it would not work. You have dehumanised a system with complete reliance upon technological advances which means that should there be a failure in the system at any point it will not self-rectify.

Q199 Chairman: Are you saying there was no response at all to the points you raised?

Mr Turner: No consideration was given to the response from the trade union side.

Q200 Chairman: Was this BA, BAA or a joint body?

Mr Turner: I think it is fair to say that it was BA and BAA. Iggy Vaid can speak for BA in respect of this; he already has. Our colleagues involved in these deliberations in respect of BAA, particularly Stanley Peters at the end of the table, may very well want to make a comment on this.

Q201 Chairman: Would you like to tell us anything about BAA?

Mr Peters: We had several meetings with the company prior to T5; they started in 2006. We said to the company that the way it was going would not work. Based on our own experience having worked there for years no technology can take that away. Based on our experience we said that they must listen to what we said and do it this way, but we were told that, no, it was a state-of-the-art building and everything would work and be all right.

Q202 Chairman: Did you raise any particular things?

Mr Peters: Yes. Obviously, we were talking about upping the staffing level as well. Rosters are very important to everybody to suit working mums and so on and to get the right staffing level. We were not getting that; we were told that this was the roster we would have. People who wanted to join them would join; if people did not want to join, tough. There were no negotiations on that so as to enable the operation to run smoothly. There is no doubt that we had a lot of teething problems to start with, but those and the queues could have been avoided had we been listened to but we were not.

Q203 Chairman: Were you surprised or not surprised when the problems arose on the day?

Ms Reed: Not surprised. Some discussions did start from the end of October 2006 but they were more presentations about how it would work, the size of the building and that sort of thing. Once we started to get into deeper discussions obviously they were about this was how it would work, it was an opportunity to bring in state-of-the-art equipment and this was how it would be. To go back to your original question on training, what threw us a bit was that there was some pretty powerful generic training for security officers. They would all have been trained up to a certain standard so they were not security risks and so on, but as to familiarisation they started to introduce staff to the terminal from January but it depended on the particular area. It was zoned off into different areas. Some familiarisation was just for the particular area in which they were working and because of the size of the building obviously there was a bit of confusion if you moved out your area. The terminal is a vast building and obviously a lot of familiarisation is required. As to training, I think the issue might not necessarily be on the security side but some of the new slightly different roles brought in to run the terminal. For example, the customer host role replaced the old information desk system. These people were mobile around the areas and they would

be performing a lot of roles not covered by other positions. It was almost a trouble-shooting role within the area and because it was a brand new role I think those people struggled. They did not get the training up to speed.

Q204 Chairman: We have been told that there was a big problem in staff logging into the baggage system and 48 accounts were incorrectly set up with barcode passwords being generated incorrectly which led to a shutdown of some of the systems. Is that a fault of training? Was it due to staff who had not been shown how to do it, or was it the equipment?

Mr Vaid: There was also the difficulty that somebody somewhere removed one line of the name and then everyone else's name went up on the computer screen and so nobody could sign in because it was not accepted.

Q205 Chairman: Was this system tried out before the day? Was there any rehearsal of this?

Mr Vaid: The systems were tried individually. The problem was that the proving trials carried out did not involve the trade union side. I cannot speak for the British Airports Authority, only British Airways. They said to those who volunteered to do the proving trial that they were not involved in changing the process; they were there to make sure that the system worked. They introduced the RMS system which was totally alien. People sitting somewhere else were allocating jobs to you. Each individual was given a small hand-held device called an RMS and with that device he would sign in. The device tells you to turn left. You turn left and then you go to the aircraft and deal with that. When you finish you press a button. They tell you to turn right and you do that. That was the system they used. People were not prepared for who was to work with them and who were the next people to come in. They were all individuals and people tried to turn them into machines. In the past people would allocate a job to me and I would go and do it. If the allocation was wrong I would come back and tell the person face to face that it was wrong and he should not do it. He would then learn from that. But now the people who allocate the task are somewhere else and you do not see them and communicate with them. They are probably somewhere in Delhi. That is another problem of two-way feedback especially with British Airways. I hate to say that about my own airline, but culturally the existing management structure is one where you cannot tell the emperor that he has no clothes; you have to say his clothes are beautiful. No supervisor or person can tell his or her boss that the system will not work. If you do you are not a team player; you are sidelined, so for that reason you say that it works and the emperor has beautiful clothes.

Q206 Graham Stringer: At any time was the safety and security of either employees or passengers put at risk?

Mr Aziz: No; security was never compromised.

Q207 Graham Stringer: What about the safety of staff? Equipment was not working; there was baggage all about; two escalators were not working; and some of the lifts were not working. Were there any health and safety implications?

Mr Turner: I think there were huge health and safety implications for our people. I take the opportunity to pay tribute to the many hundreds of our people who worked professionally and diligently to provide the best possible service they could on a difficult day in very difficult circumstances which included assaults, both verbal and physical in some cases. Some of our members at Terminal 5 were spat upon because of the chaos created as a result of the opening day and subsequent days. You cannot have 27,000 bags lying around a baggage hall without serious safety implications. How are you going to deal with that number of bags? Where do you put them? This had huge implications for our people who tried to do what they could within the realms of their ability as workers to address the problems. This was a real issue for us. This was a world-class facility that should have opened with the eyes of the world on it. The reality is that it was a farce. Our people are very proud to be employed by BA and BAA, rightly so, and they do not jump to criticise their employers, but on this occasion or people were embarrassed and humiliated by the way in which Terminal 5 was opened. Many of the problems identified were clearly teething problems. There are examples of major pieces of infrastructure like Terminal 5 being opened at other airports. Of course you have teething problems. Lifts do not work et cetera, et cetera, but so many issues at the opening of T5 were not teething problems but structural ones. They tried to introduce a different operating method based on process engineers who designed a new system without consulting our people who collectively have many thousands of years' experience on the ground.

Q208 Graham Stringer: I will come to that point but I want to stick to health and safety issues. Obviously, there are problems if thousands of bags have been put in the wrong place. In terms of the record of accidents, were more accidents recorded on that day than you would have expected?

Mr Vaid: I do not know of any accidents reported on the day, but as far as concerns security of aircraft or passengers there were thousands and thousands of bags left over. You try to deal with them and scan them. Then you try to send them somewhere in America by Federal Express and so on and deal with it. You may say that no one to our knowledge had a real accident. That was not the case.

Q209 Graham Stringer: You talked about the changeover. When Willie Walsh was here from BA he said that more than 80% of the staff involved in baggage handling had been on courses to familiarise themselves with the new machinery. Do you accept that figure?

Mr Vaid: I know that in particular in British Airways on the first day there were about 15 or 16 people who had never been there before.

Q210 Graham Stringer: What would that be as a percentage of the total number?

Mr Vaid: Out of about 700 people 15 is very low. They had been taken round in a van for two days and shown it as previously described. They had two days of familiarisation in a van or were shown slides; they were shown where their lockers were and so on, but there was no training for hands-on work. That was very new.

Q211 Mr Martlew: Would it have been possible to do it before the airport opened?

Mr Vaid: I did have a concern that so far it was just a building site and there was some hindrance to that as well. For instance, even now we have a second switch and I am sure that for that British Airways has learned from that. Previously, it was three days of familiarisation; now we have seven days. We now have three days of familiarisation and four days of hands on training before moving in.

Q212 Mr Martlew: Was there any difference in wage rates and income for the people moving into T5? Was there a financial incentive or disincentive for the people to move to T5?

Mr Vaid: There was no wage difference whatsoever; it is the same rate of pay for everyone. If you ask whether there was enough overtime over there and so on I think there was plenty of it, so it was not a problem.

Q213 Mr Martlew: I am pleased to see you here today. You have said that it was more important to get things right than to come to our evidence session on 7 May. Was there any pressure from management at all not to appear before the Committee in May?

Mr Turner: No. First, perhaps I can say that I was not available to attend the Committee on 7 May.

Q214 Chairman: We did receive a communication from you.

Mr Turner: I was not available to attend and sent my apologies, but I did make some points about the necessity to put things right and they stand. There has been no pressure put on our people from BA or BAA in respect of our attendance.

Q215 Mr Scott: You told us that the training was not adequate or that at least your opinions on what was going wrong were not taken on board by the management. Do you think the reason for this was that no matter what happened Terminal 5 would open on a prescribed date and that was not going to change even if there were problems? The second part to that is that in the test runs where volunteers went in it was reported at that stage that they identified the very same problems which occurred when Terminal 5 eventually opened. Is that correct? If so, are you saying that no notice was taken of what they said?

Mr Vaid: I think there was a lot of things. There was also a timing difficulty. In 2005 they set up the allocation system and probably spent millions of pounds on it. In no way were they going to change that. It did not matter what we suggested or did; that system was in and had to be used. For that reason there was no way that any other electronic system could be introduced even in the last three or four months, so we had to make do with whatever the system was even if we tried to tell them that it did not work and extra resources were needed. You turn human beings into zombies with these types of things, but it was too late and it could not be changed at that stage. They made the decision much earlier to go with that system and spent a lot of money on it.

Q216 Mr Scott: That was not the question I asked. Was it pointed out to the management that there were major problems in the trial period which then occurred when Terminal 5 proceeded to open?

Mr Vaid: They tried the RMS allocation system in other terminals first. The concern was that any time there was a problem they stopped it. They said we should go back to the normal system and this should not be used. It really did not work in those terminals either. We told them that but they took no notice of it because the terminal was designed to operate in that way.

Q217 Mr Wilshire: I start by apologising for being a few moments late. I also place on record what I always put on records on these occasions. I do not know whether it is a proper declarable interest, but I represent parts of Heathrow Airport and a lot of the members of the unions are my constituents. I start by echoing what Mr Turner says. Irrespective of what went wrong, my constituents and his members individually are proud of the job they do and want to do their best. When my constituents are spat upon I deplore it just as much as the union. I go back to the specific point about the hand-held machines that did not work. When you were asked about it you said that on the day things went wrong. You and I are aware of a long period of trials; some 60 dummy runs took place. Fifteen thousands members of the public, including many of my constituents, played passengers. There were some 30-odd aircraft involved in all of this. Tell me if I am wrong, but my understanding is that the whole process was tested. Passengers came in and there was an enormous pile of bags. When I first saw it I thought they were missing bags, but an enormous number of bags were checked in. When those dummy runs were being held were baggage handlers at the end of the process doing what they should be doing?

Mr Vaid: Lots of dummy runs were conducted. There were a number of what we call champions picked out from the staff. They were not from the trade union side; they were picked out from the people. Those staff were there to see whether it worked or did not work. There were hundreds and hundreds of people. It was one of the few things that they did not do and mistakes were made. They

highlighted them and it was followed through all the way. They may have tried, say, the Delhi flight with four containers. That was how it was tested. The bags were loaded into four containers, but the Delhi flight does not have four containers; it has 18 containers. You may find that Cape Town has another 18 but they tried two, and it was not segregated on the day as was needed, for instance first class is separated from club class, club class from economy and so on. That was not done in these trials, so that was missing.

Q218 Mr Wilshire: You have answered part of the question: yes, there was baggage and there were baggage handlers. My understanding that one of the many things that went wrong—I do not suggest that it is the cause of everything—was the hand-held machines used to check the details on the bag before it is put into a container.

Mr Vaid: No. That is called a reconciliation gun; the bag has to be reconciled with that gun. There was difficulty with them at the beginning, but today at 10 or 12 stands in the sunshine the laser is not powerful enough to read it. We have to make it dark to try to read the label. That is a totally different gun. The RMS system was an allocation system.

Q219 Mr Wilshire: That is helpful because it has cleared up in my mind a misunderstanding. The hand-held equipment used to check the bags was used in the trials and did work in the trials?

Mr Vaid: Yes.

Q220 Mr Wilshire: But there were some problems on the day the terminal opened?

Mr Vaid: Yes. There were two totally different things. One was that each individual loader, the logistic driver and so on, was not given that gun; only the baggage people used it. But the drivers who go from one place to another to load and offload planes and everything else got the hand-held computers which gave them the ob.

Q221 Mr Wilshire: That clears up one query I have. Referring to the little machines that gave people instructions, at any time during the trials and proving activities were they in evidence and being used by somebody? It does not matter who used them but were they used in the trials?

Mr Vaid: Yes, they were used.

Q222 Mr Wilshire: Were any problems encountered during the trials?

Mr Vaid: Yes, problems were highlighted. It did not really correct itself.

Q223 Mr Wilshire: Were the problems you found during the trials as bad, worse or not as bad as those that happened on the opening day?

Mr Vaid: It was more or less the same, but the problem was that being in a new area people did not know exactly where they were supposed to be directed to by the system. If you are looking for one particular spur or island you do not know where it is; you ask 10 people before you can even go there,

whereas previously when we did these trials in another terminal we knew exactly what we were doing. For that reason we still have those problems in those terminals.

Q224 Mr Wilshire: One of you said that during the day in question these machines did not work and one problem led to another, if I understood it correctly. Had that problem happened before, or was it unique to the day it opened?

Mr Vaid: One problem was the automatic baggage sorting system, which was called BRS or whatever. That system did not read it properly on the day and it was sending the bags to the wrong destination.

Q225 Chairman: Had that been tested before?

Mr Vaid: It was tested individually on a flight to say that at a particular island all the bags were coming in rather than opening up the whole of that system. That was not done.

Q226 Mr Wilshire: But was the performance of the machines that told you where to go on opening day worse than the experience during the trials?

Mr Vaid: I just do not want to confuse you. There are two or three items in there. One is the allocation system which is a little hand-held computer. That is totally separate. It tells me where to go and what to do. The other one is a gun which the baggage handler uses to reconcile the bags with the passenger to see that the passenger is on and the bag can be loaded, or the passenger is not on and the bag is not loaded. That was the gun which caused some difficulty on the day, and even before. The third thing was the introduction of the Vanderlande baggage sortation system. That system sorted the bags and sent them to the right place. That system was not reading it properly on the day and also previously.

Q227 Mr Wilshire: I ask a general question which I preface by asking you not to assume I am guessing at an answer. I believe that somebody has to confront the rumours and accept the fact—how do I put it gently?—that there have been ongoing difficulties between the trade unions and management at Heathrow. That is a fact and I do not wish to take sides in it. There were rumours running around the airport—I never believe rumours—about the opening of T5 being a further extension of the difficulties. I just need to ask this question so we have it on record. Were any of the problems that occurred on opening day anything to do with union/management difficulties or problems? Please do not think I think it; I ask it so we have it on record.

Mr Vaid: I can assure you that that was not the case. One hundred per cent of the members wanted to make sure it worked because it was an honour. It was a new building and we had pride in it. In no way whatsoever would anybody not let that work or have a go slow or anything of that nature. One hundred per cent wanted to make it work on the day.

Q228 Mr Wilshire: I just hope I do not get too many members writing me nasty letters as a result of asking that question.

Ms Reed: I can reiterate that from the BAA side as well.

Q229 Mr Martlew: I have listened very carefully. I presume that in the other terminals there was a traditional method of working that probably had remained unchanged for many years though there had been some developments. Then you saw Terminal 5 being built. You have just mentioned pride in that, but was there also some apprehension about the change? How did management motivate you to take pride in this building and get involved in it? Did that happen, or were you just told what you had to do?

Mr Vaid: When you ask how the staff was motivated, it is a shame I have to say—I tell the truth—that if you asked staff whether they would remain in Terminal 4 or Terminal 1 rather than go to Terminal 5 a majority would rather be in T4 or T1.

Q230 Mr Martlew: That is now. What was it like before it opened?

Mr Vaid: Before there was enthusiasm about having a new terminal and everything else. When they learned the way that they were to work and what the process was to be they were not as enthusiastic to go there. That is not to say that for those who did go there was some sort of difficulty because they did not want to go; they did the best they could.

Q231 Mr Martlew: So, did the management underestimate the change in work practices that people would have to undertake?

Mr Vaid: I would say that they did not take the staff into their confidence and say that this is the new way of working; that is how it is done and we introduce it but if they think they cannot pick up everything in one day it will be introduced slowly. That was not done.

Q232 Mr Martlew: Do you think management has learned the lessons of what went wrong?

Mr Vaid: They are still more or less on the same path, but since the chief executive of British Airways has taken charge of it and wants to know exactly what is going on every day and so on they are more focused on training and everything else, so they have accepted some accountability.

Q233 Chairman: Would any other witness like to add to that or disagree with that?

Mr Peters: I think that BA management has also learned. You can see from the restructuring that they would want to work with the trade union and want to do things better, so some good has come out of it. One hopes that if they have another project like this they will involve the trade union and maybe we can work together. Nobody knows the workforce better than the trade union; it knows it much better than the management. I am afraid that is how it is. Therefore, we would have told them that we should be doing this or that. Obviously, it is a public

company and we all recognise that it wants to make a profit, but I think that on the whole they are listening to us and trying to work with us rather than telling us. Before they told us rather than consulted us.

Q234 Mr Martlew: Since the opening the Select Committee has made a visit. We were shown round and everything seemed to be running smoothly. Is that the case? Was it a hiccup and has it been put right, or are there still major problems to be overcome?

Mr Vaid: I still do not believe that we have got the basics right. As proof of that, just before I came in I worked out that every day in Terminal 5 932 bags do not connect with transfer passengers. That is the average for the whole month.

Q235 Chairman: Can you clarify what you are saying?

Mr Vaid: What I am saying is that of the total number of bags of transfer passengers flying from Terminal 5 at Heathrow, an average of 932 are not connected with the passenger; they may go the next day or the day after that.

Q236 Mr Martlew: You are saying that a passenger has a one in 12 chance of losing his bag if he transfers across, so there are still problems there?

Mr Vaid: Yes.

Q237 Mr Martlew: To come back to some of your comments, when they were building the new terminal they were going to install the new technology; they were not going to build it as a big replica of Terminal 4.

Mr Vaid: Yes.

Q238 Mr Martlew: The fault seems to be that they did not really consult about putting it in and did not train the people properly when they did so. Is that correct?

Mr Vaid: They never asked the trade union side what the best system should be. We could have explained it. Nevertheless, we understand that we must have new technology; times are changing and everything else. If they had taken people into their confidence we would have told them exactly which way we thought it would work. Obviously, we have to make savings and do everything else, but we were not consulted. It was the process engineers who thought up exactly how that system needed to work and we were there to implement that process.

Mr Turner: A couple of points emerge from the question. What has occurred here is that BA has used an opportunity in conjunction with BAA and Terminal 5 to change the method of operating completely. There has not really been any consultation with the trade unions in the run-up to that; certainly there has been no meaningful consultation and none of the views expressed by the trade union has been taken seriously by the company. The manner in which those changes have been introduced despite the failings at the opening of Terminal 5 means that the system of work is in place

and still results in significant numbers of bags not accompanying passengers. It will happen today and tomorrow, just as it happened last week and last month.

Q239 Mr Martlew: But is it getting better?

Mr Vaid: Yes, it has got better.

Q240 Mr Martlew: It is getting better week by week?

Mr Vaid: It is getting better, but obviously if they discuss with us a change of process I think it would get much better. We have to do it; there is no other alternative.

Mr Turner: A second point is the day when Terminal 5 opened and the days immediately following that. Irrespective of all the teething problems that we experienced with the RDS systems and all the genuine difficulties that we continue to have with RDS and that manner of work, I genuinely believe that we would still have managed the opening of Terminal 5 had it not been for the software problems in the system itself. The patches introduced previously for the trials were not removed and by the time they were identified and removed we had huge backlogs of bags and it was impossible to address the problem on day one.

Q241 Chairman: It is the software that you are identifying as a key point?

Mr Turner: Yes. While the trials were going on software patches were introduced to prevent bags being transferred to other terminals and the transfer of sensitive information to other sources because it was not required; it was a trial and the bags were going round in an enclosed system; they did not need to divert to Terminal 1 or Terminal 4 for transfer and information did not need to be relayed to third parties. With the opening of Terminal 5 all of those patches needed to be removed because bags then needed to be transferred.

Q242 Chairman: Are you saying that in the trials in relation to the software what happened did not reflect the real live situation?

Mr Turner: Yes, and they could not. They were running bags round a system and testing the validity of the system itself. There was no necessity to transfer bags from that system to Terminal 1; there were no passengers; it was purely a trial. Therefore, patches were put onto the system to prevent the electronics in the system transferring the bags.

Q243 Mr Martlew: And they forgot to take them off?

Mr Turner: Whether or not they forgot to take them off is a different question because BA were assured that they were removed.

Q244 Mr Leech: Most of the questions that I intended to raise have already been asked or answered, but since the opening have you made any formal written representation to either BA or BAA about recommendations you would like to make, first, about changes that could improve the system and, second, about things that need to be done differently in future terminal openings?

Mr Turner: As a union we certainly have; we have been making representations to BA at various levels. We had a scheduled meeting with Willie Walsh, the CEO. Unfortunately, he could not make the meeting and it never took place, but the shop stewards have had numerous meetings with the appropriate level of management and those concerns have again been relayed. Certain changes have been made in terms of the structure of BA and some individuals in post in the run-up to the opening of T5 are no longer there, and not just at director level. BA has a managerial style, as Iggy expressed it earlier. If you surround yourself with yes men you do not get many noes, and that pretty much sums up BA's managerial style. It has fiefdoms.

Q245 Chairman: Has that changed? Are there new arrangements?

Mr Turner: There has been no noticeable change from our point of view.

Q246 Mr Leech: What sort of response have you received to those recommendations?

Mr Vaid: The shop stewards committee has told BA that this is the best way to operate. The company has accepted that it needs a change, but it is saying that it will not make any major change until switch 2, switch 2.3 and all the rest of it take place. Then they will consider making the change if that is possible.

Q247 Mr Leech: Do you think that BA and BAA have learnt the lessons?

Mr Aziz: Moving forward from March 27 I think there has been learning on the management side of BAA. We now have an opportunity to become involved in decision-making on T5 to assist the management team moving forward. Under the new structure I think it is now a lot better because more accountability and responsibility is placed on individuals at certain levels so they take ownership. From the trade union perspective, I think that BAA is moving progressively further forward than before.

Q248 Mr Leech: Do you believe that in future the unions will play a greater role in the decision-making process?

Mr Aziz: I hope so.

Mr Turner: The trade unions have always played a positive and constructive role.

Q249 Mr Leech: I was not suggesting that they had not, but you suggested at the beginning that perhaps the management had not really taken notice of the input you wanted to make. Do you think that this process will allow a change of heart by BAA and BA?

Mr Turner: There are two different entities here. I see really positive change in BAA. I see the building of a new relationship with BAA in terms of its relations with the trade union side locally and nationally. I just refer back to the comments made earlier in terms of the article released by a senior HR manager of BAA about a trade union-free Terminal 5. That was their position in the run-up to the opening of Terminal 5. The changes that have been made in the

managerial structure of BAA will facilitate a much better working relationship with the trade unions in future. BA is a different animal; BA will always be BA. We will continue to represent the interests of our members in BA. Whether or not that brings us into conflict with BA's management team is a different story, but BA has a particular style; it is led and managed with a particular style and I do not see any significant changes to it.

Ms Reed: I reiterate what Steve has just said. Up until a couple of years ago the trade unions and BAA management had a good, strong relationship. I think we have just spent a couple of years in the wilderness with a bit of change in the system, but over the past few months it seems to have reverted back to the strong relationship we used to have. With the change in the system it is definitely moving forward; it is much more positive.

Q250 Mr Hollobone: I think that passengers will be surprised and disappointed to learn that there is still a one in 12 chance of losing their bags if they transfer at Terminal 5. How does that one in 12 ratio compare with the previous loss rate for transfer passengers?

Mr Vaid: Today it is about 80 bags per thousand; it was about 120 bags per thousand, sometimes even 200 bags per thousand. Those are only transfer bags. As to direct bags—those checked in at Heathrow or at Terminal 5 and going out—the performance is much, much better; it is about 8.3 bags per thousand passengers.

Q251 Mr Hollobone: Are the previous figures that you quote from Terminal 5 when it started or the previous terminals?

Mr Vaid: Terminal 5.

Q252 Mr Hollobone: What would be the comparative rates for the terminal before Terminal 5 opened?

Mr Vaid: It was about 60 to 70 bags per thousand.

Q253 Mr Hollobone: So, it is not far off but it is higher than it needs to be?

Mr Vaid: Yes.

Q254 Mr Hollobone: I still remain unclear as to the basic reason for one in 12 people losing their bags at Terminal 5.

Mr Vaid: Lots of transfer bags land up in Terminal 4 even today and they have to be manually transferred to Terminal 5 or from Terminal 5 to go back to Terminal 4, because there is no mechanical or automatic system to move the bags; they have to be loaded in vans and brought back. As more flights move to Terminal 5 and fewer transfer bags have to go from various places obviously it will improve.

Q255 Mr Hollobone: We have spoken a lot about the baggage system, transfer bags and so on, but other issues were highlighted by the media at the time of the launch of Terminal 5 which included difficulties in accessing car parks, the delays in staff security searches and the lifts. In its evidence to this

Committee BAA has told us that it does not believe car parking problems for staff on the day or the delays to staff security searches were major factors in the disruption caused to passengers. Is that something with which the unions agree?

Mr Vaid: I can assure you that I was there by five o'clock and by six o'clock the car park was full and hundreds of people were driving around to see where they could park their cars. There was another car park next to it and these days they open that. There was a problem with the car park for staff and so they were not there to receive the aircraft when they arrived. As far as concerns security, the north side of the security gates was completely closed; only the south side was open. At six o'clock 120 or 130 people were in a queue waiting to go in. At that time in particular every minute counted. The aircraft were coming in and every minute passengers had to be offloaded and their bags transferred to connect to other flights. That did have an effect, but that was not the reason for the whole difficulty because the IT system, familiarisation and everything else had a part to play.

Q256 Mr Hollobone: What BAA is telling the Committee is that problems with car parking caused minor delays to staff. Car parking problems should not have delayed any staff member by more than 10 minutes. Do you agree with that?

Mr Vaid: I would agree it was 10 to 15 minutes, but on that day people were delayed in going in for half an hour or even longer.

Q257 Mr Hollobone: There were problems at apron search facility south.

Mr Vaid: Yes.

Q258 Mr Hollobone: BAA tells us that the longest queue for staff search on 27 March was 20 minutes and it does not believe that staff search was a major factor in the disruption. Do you agree with that?

Mr Vaid: That was a major concern particularly early in the morning when the aircraft arrived. If I am to start at five and there is a 20-minute delay in a car park and for another 20 minutes I am queuing up I shall be half an hour late meeting that aircraft. We do not accept that that was not a major concern on the day.

Q259 Mr Hollobone: BAA tells us that 28 of the 192 lifts at T5 were not in service on opening day; half of the lifts out of service were in the short stay car park. The primary reason BAA gives for the lifts not being completed on time is the difficulty in finding sufficient lift engineers due to the current high demand in the construction industry. Is that an explanation that the unions accept?

Mr Vaid: I attended the AOC meeting. They told us that these were difficulties and they could not get engineers and parts. Previously, those lifts were used by the builders and they were not fit for use by passengers and so they had to be closed down. That was not something that we noted as a major concern. Obviously, stairs could have been used. Some lifts are still not working today.

Q260 Mr Wilshire: As to delays in the car park and in security, is not one of the realities that a very large number of management and union members who were not on duty were interested to see what would happen and a far greater number of people, mainly spectators, turned up than were anticipated? I understood that to be the main problem. It does not excuse the delays but that seems to be what happened. My colleague Mr Hollobone drew the conclusion that things were now worse in T5 with missing bags. The figures I thought I heard suggested the opposite. To clear my mind, of the bags originally checked in at T5 how many per thousand are lost?

Mr Vaid: Currently, the average for the whole month is 8.3 bags per thousand passengers.

Q261 Mr Wilshire: At the beginning of T5 what was the number?

Mr Vaid: It was about 18 to 20.

Q262 Mr Wilshire: What was the number for the other terminals before T5 opened?

Mr Vaid: They achieve about six bags per thousand.

Q263 Mr Wilshire: What was it before?

Mr Vaid: In other terminals the figure was about five to six bags per thousand.

Q264 Mr Wilshire: Did that include T4?

Mr Vaid: Yes.

Chairman: Thank you for coming to answer our questions. It has been very helpful to our inquiry.

Witnesses: **Mr Colin Matthews**, Chief Executive, and **Mr Terry Morgan**, Acting Managing Director, Heathrow Airport, BAA, gave evidence.

Q265 Chairman: Gentlemen, perhaps you would identify yourselves for our records.

Mr Matthews: I am Colin Matthews, chief executive of British Airports Authority (BAA).

Mr Morgan: I am Terry Morgan, acting managing director of Heathrow Airport.

Q266 Chairman: Mr Matthews, the opening of Terminal 5 was a national calamity. In the first 11 days 636 flights were cancelled and nearly 3,000 bags went missing, yet when you came before this Committee on the previous occasion you appeared to know very little about the problems that led up to those events. Do you feel that you were let down by your own management team on that occasion?

Mr Matthews: No, I do not. In order to understand what happened in those first days we needed to dig very deeply into the baggage system software. To do so we needed exactly the same skills and people who were also required to fix the issues in the short term. Therefore, when I appeared before the Committee on the previous occasion I did not have the facts. We could not have the facts because the resources needed to obtain them were being used to resolve the issues for passengers.

Q267 Chairman: But it was not just knowing more facts about what went wrong. You have submitted an additional piece of evidence. When you came last time you said that you were not aware of the detail of any discussions prior to the opening and yet it appeared there had been a lot of discussions before the opening. You did not know that concerns had been raised and yet it appeared that they had been. Did you not feel that your management team had let you down for an appearance before the House of Commons Select Committee?

Mr Matthews: No, I did not.

Q268 Chairman: Even now you do not think you should have known a bit more when you came before us?

Mr Matthews: Chairman, no, I do not believe so. I am chief executive and I am accountable for those things. I seek no means to deflect that accountability to anyone else.

Q269 Chairman: You do not believe that you are accountable to the public in any way or for the questions that this Committee wants to ask you?

Mr Matthews: I am glad to come today in order to provide fuller answers to your questions based on the facts which I now have in my possession.

Q270 Chairman: I am most surprised that following the previous encounter with this Committee you do not feel that your own management let you down in not equipping you in a proper manner to be able to answer the questions. Before you took your seat we heard from the trade unions. They reported that their comments had been ignored; there was lack of meaningful consultation; and even now significant numbers of bags go missing. Great concerns were expressed. Have you changed any of that situation? What will you do about it?

Mr Matthews: Baggage performance in Terminal 5 today is broadly better than that of the other terminals. One of your colleague's questioning was heading towards that point. It is not perfect. It is perfectly true that if an aircraft arrives late the transferring bags under certain circumstances do not have any chance of making their connecting flight. Therefore, the data that you heard a moment ago explaining the proportion of bags which did not make their transfer flight includes in many cases delayed flight arrivals. If you look very narrowly at system performance then it is good; if you look broadly at terminal performance T5 is at least as good as or slightly better than other terminals. Terminal 5 is working well today. I am proud and delighted to say thank you to all of the British Airways and BAA staff who made June 5 a terrific success. That was the day on which a sizeable number of long haul flights were transferred from Terminal 4 to Terminal 5. That transfer happened

successfully. All the BAA people and British Airways staff collaborated effectively and successfully. Terminal 5 is today working well. I am proud of its performance today and how everyone in our organisations jointly is making it work.

Q271 Chairman: Are you quite confident that the situation which arose on the opening of Terminal 5 could not happen again?

Mr Matthews: I am quite confident, yes.

Q272 Chairman: You are absolutely sure?

Mr Matthews: Yes. If there had been fundamental problems on the opening day we would not have been operating as well as we are today.

Q273 Chairman: The trade unions tell us that there was no meaningful consultation with them; that they raised issues about the operations of the new terminal but they were ignored because decisions had already been taken and they were simply asked to do things, not to comment on what they thought was wrong. Do you accept that?

Mr Matthews: I might share my answer with Mr Morgan who has been closer to these issues for longer than I have. I completely agree that for success we need to take into consideration the views of people who do the job. It is the people who do the job who know it best. There is an absolute need to build that into our design in putting in places new projects on which we are working. I completely agree with that objective. I am not sure we will ever get to the stage when we say we do it well enough. I think we should always seek to do it better. I certainly hope to have a constructive relationship with the trade unions. For the details of the months just prior to opening perhaps I will ask Mr Morgan to assist.

Q274 Chairman: Mr Morgan, I should like you to answer that question and also indicate what changes have been made to improve the situation.

Mr Morgan: As I think you heard earlier from our union colleagues, there are two entities at work here, BA and BAA, and I think it is important to differentiate between the two. BA obviously has its baggage and logistics operation and their other staff and I do not think it is proper for me to comment on the way it has interacted with its unions. I can speak for BAA. Certainly, the working relationship between ourselves and the unions over the past three to four months has been excellent. We have learnt an awful lot from the opening of T5 and we are using that learning to work with the unions now to make it even better. It is important to realise that the vast majority of our staff in Terminal 5 are employed in passenger security and the regulations laid down by government give us some leeway in terms of our processes but not very much. The processes and outcomes which we are directed to achieve are highly prescribed. Primarily the area that we did discuss with the unions was rosters and how we could get more roster efficiency in Terminal 5. I believe that those discussions started towards the back end of 2007. I believe that we have a roster system in T5 that

is not just good for the company but also very much welcomed by staff. The key element of it is that there is a limited number of rosters instead of a whole plethora of them and the security officers work together in teams, so they come to work as a team rather than come to work and meet people they have not met before. Those are the sorts of issues we have been discussing with the unions, and I am pleased to say that the relationship is going from strength to strength.

Q275 Chairman: You now have a joint team with BA at terminal level. Is that assisting the situation?

Mr Morgan: Yes. That was put together principally on day one to fix the issues at T5 but mostly to prepare ourselves for the new switches of aircraft out of T4, that is, the June move and the move coming up in September and October. That team meets on a daily basis to monitor the operational performance of the previous day and to learn if anything has happened which requires improvement or must be put right. There is also a BA/BAA team meeting once a week primarily to prepare ourselves for the new switches of aircraft coming in from T4. Again, that relationship is working very well indeed.

Q276 Mr Hollobone: Do you accept that the opening of Terminal 5 was not only an embarrassment for BAA and British Airways but also turned what should have been an occasion of national pride into one of national humiliation?

Mr Matthews: Yes. We deeply regret the disappointment felt by many people. Our own staff, ourselves and the public expected better. We should have had a better outcome, and we deeply regret that.

Q277 Mr Hollobone: Do you accept that the way in which the opening of the terminal was handled let down not only your shareholders but your staff and customers?

Mr Matthews: That was what I have just said. I regret it not just on behalf of our staff but also the public. Everyone was hoping and expecting a great performance and was deeply disappointed by our failure to do so.

Q278 Mr Hollobone: If we were to ask you to list the top five reasons for what went wrong with the opening of Terminal 5 in order of priority what would they be?

Mr Matthews: I would start with two which I believe are particularly important and, if you like, we can go further. The first is that however well the airport operator and the airline operator, BA, are working it is also vital that the two are absolutely integrated and together. I think that during the construction of Terminal 5 that appeared to be the case. Around about or just prior to the opening of T5 it seems that that togetherness deteriorated. It is that togetherness that allows you to cope with the issues that arise on the day. Speaking personally, I think that was the biggest thing. I also believe that it is the biggest contribution to the success we had on June 5 with the movement of flights from T4 and T5 with, happily,

very little attention externally. It worked smoothly and correctly. The second matter is to do with staff familiarity. The work that we have done since I last came before the Committee has narrowed down that to a specific area where familiarity on the opening day was not good enough. That does not concern the process of British Airways baggage loaders taking the bags off the baggage system; it concerns the people who take the bags to the aircraft once they are in aluminium containers. When we looked in detail at our system performance on the first and second days it was clear that the system was performing correctly, though not absolutely perfectly. There were one or two issues, but the system performed correctly. As a matter of fact, BA baggage loaders took off the bags correctly and put them in the aluminium containers, but those containers were not transported into the aircraft. The group of people within British Airways responsible for that are called British Airways Logistics. It is clear to me that we failed to make that particular group of people adequately familiar with it prior to opening.

Q279 Mr Hollobone: In the previous evidence session it was made clear by British Airways and subsequently by yourselves in written evidence that there were discussions about the possibility of scaling down or postponing the opening. Was an estimate ever made of the cost to the British Airports Authority of scaling down or postponing the opening?

Mr Matthews: I am not aware whether it was viewed from a cost point of view. I have no doubt that the overwhelming consideration would have been a successful opening. I believe that after the decision to open was taken jointly between BAA and British Airways in September 2007 had there been a huge issue which clearly threatened the opening it would have been given consideration. The fact was that although a number of issues were raised they were addressed. Nothing was considered big enough to say that we should delay the opening. With hindsight clearly that was an incorrect judgment, but it seems to me that that was what happened in that period.

Q280 Mr Hollobone: Your projections about the number of staff who reported for duty that day proved wildly inaccurate; some 40% to 50% more members of staff turned up than was anticipated. The trials that you undertook did not factor in repeat entries by individuals and non-British Airways observers and retail staff who were instructed to report to work early. Is that not simply a question of management failure?

Mr Matthews: I think those were issues that arose on the day and they had an impact early in the morning. The other point we have made in our submissions is that they were fixed relatively quickly. Within a couple of hours in the case of the security queuing issues we were on track. That does not excuse the fact that early in the morning it was not on track, but I think it is fair to categorise those as teething problems. They were problems that impacted and were awkward and difficult for staff first thing in the

morning, but they did not have an impact throughout the day and cause the real turmoil that came about later in the day.

Q281 Mr Hollobone: If you had your time again what one thing would you do differently?

Mr Matthews: I would focus resolutely and determinedly on keeping British Airways and BAA in the same room tightly together. That has been my focus since joining on April 1 and it will continue to be my focus under any set of circumstances. I repeat that however good each one is on its own it needs to be really tightly co-ordinated and built together into a single team for success. That would be the single thing that personally I have invested in and will continue to invest in.

Q282 Mr Hollobone: Obviously, the public sees the two big companies British Airways and British Airports Authority involved in this. What is the split of responsibility for the catastrophe that happened on the opening of T5?

Mr Matthews: I think we have been clear from day one as to the things which went wrong on the BAA side. Frankly, I think that British Airways has been very bold and direct from its side, too. I have resolutely tried to avoid allocating blame; it is very unhelpful to anyone. I will certainly speak to the failings which happened within BAA. I do not believe that the issues within BAA were more than teething problems. I think we could have coped with them, but I think it is appropriate to speak to the BAA issues.

Q283 Mr Leech: The unions who appeared before you said they had made some recommendations for the future. What recommendations have they made? What have you taken on board and what do you not accept?

Mr Matthews: I think the heart of what they were saying was involvement. They also made reference to the fact that in the case of BAA they felt there was good involvement. Therefore, I believe that we are responding to their fundamental issue. I am not sure we will ever be satisfied that we are good enough when it comes to involving everyone in the way we want to. We should continually try to get better, but I was glad to hear my colleagues acknowledge that we are moving in the right direction on that issue.

Q284 Mr Leech: The reason I ask the question is that when you came before the Committee on the previous occasion you said you had not been made aware of certain things. Are you aware of exactly what recommendations about changes the unions have made?

Mr Morgan: At the risk of repeating myself, there are a number of recommendations that the BA unions may have made to BA. We do not have full visibility of those. As far as concern the BAA unions we talked to them about rosters and in particular about various terms and working conditions within Terminal 5. Those are part of ongoing discussions and negotiations with the unions and we shall take on board their views in future.

Q285 Mr Leech: Are there any specific recommendations they have made that you do not accept?

Mr Morgan: I am not aware of any from BAA's point of view.

Q286 Mr Leech: As to the future, one of the concerns raised by the unions was that they were not involved in the process leading up to the opening of Terminal 5. Do you say that your relations with the unions have now improved? Do you accept that perhaps it was a mistake not to have them on board and be involved in the discussion and decision-making process prior to opening?

Mr Morgan: As far as concern BAA staff the relationship has improved immensely and I think the unions and ourselves acknowledge that. There is certainly more we can do going forward. As far as concern the security processes we are always looking for better ways to do things. As the staff are often the best people to tell us when things can be improved and how we shall listen to what they say.

Q287 Mr Wilshire: Mr Matthews, I am not sure that it is an advantage or disadvantage from your point of view that you were not in post for most of the period but perhaps it gives you the opportunity to have an overview which you would not otherwise have had if you were close to it. Referring to lack of togetherness and staff familiarity, when in your judgment did it start to go wrong before the day of opening?

Mr Matthews: I honestly have not been able to pinpoint that. I just remember that when I arrived on the day—I spent my time in Terminal 5—the clear sense from how people were working was that we were in our separate corners but working really hard and passionately to fix things. Everybody I came across really wanted it to work but they were not as together as I would have wanted it. It needs to run up and down the whole organisation, so I have invested time with British Airways people since that time. Mr Morgan has already referred to working level collaboration elsewhere. I am not sure that I can pinpoint when it happened. What I can observe is that under the stress of the opening difficulties as I arrived and saw how people behaved it was not a single team and it should have been.

Q288 Mr Wilshire: I do not want to ask you to name names and try to blame people, but why do you think those two things began to happen and develop?

Mr Matthews: I am sure that it was a stressful time. People really wanted it to work and do a great job and they stretched to reach the goal. I suspect that perhaps they ran out of time to be as close as they should have been. I was not there to see it. I can understand why those things happen, but I know that the key to making these things work is to have a single objective, team and set of data and, in a way, to be blind to whether the people are working for British Airways or BAA but just to focus on making it work. It was not quite like that on opening at day one as I arrived and saw it.

Q289 Mr Wilshire: If you were doing this again how would you implement the things you have just said to prevent it happening?

Mr Matthews: I think the best thing is that it is not so much what you say but what you do, so it would be about me personally spending the time with the right people within British Airways and insisting that the same thing happens throughout the organisation.

Mr Morgan: We have a very complicated baggage system which relies on people putting in bags, the system working and people taking out bags. The front bit and the bit in the middle were tested incredibly thoroughly in the lead up to opening. What was not tested as well as it should have been was the last bit, that is, getting the bags from the baggage hall to the aircraft. We now know that we have to look at the system end to end and be absolutely clear that we have all the right people in the right place at the right time to make it work.

Q290 Chairman: Who took the decision on testing in that way without having second thoughts about the process of testing?

Mr Morgan: It was a joint programme of testing. We took the decision to test from check in with British Airways staff down to the point of offload. I think it was then a question of trying to work out how the resource could be made available to test the last bit. If we had our time again, as we will do with the next switch, it will be pretty clear that the last bit of the process must be tested and we have to assure both ourselves and British Airways that we have got that bit right.

Q291 Chairman: But at the time did anybody raise that issue? Did anybody identify that as a problem?

Mr Morgan: It was discussed as an area where ideally we would like to test. I do not think, looking back through the joint workings, it ever got to the point where there was an agreement to test it from end to end; we simply ran out of time.

Q292 Mr Wilshire: To try to clear up one or two things which have been cited as major catastrophes but which perhaps were not, is it right to say that if the car park, search, lift and escalator problems had been the only problems the shambles that we ended up with would not have arisen?

Mr Matthews: Categorically; that is what I believe.

Q293 Mr Wilshire: In effect they were embarrassments that should not have happened?

Mr Matthews: That is correct.

Q294 Mr Wilshire: They were not really the cause of this problem?

Mr Matthews: That is correct.

Q295 Mr Wilshire: Referring to the baggage system, putting aside your two main points would the filters on the software and the reconciliation problems have of themselves caused major problems?

Mr Matthews: Categorically not.

Q296 Mr Wilshire: Not even the filter problems?

Mr Matthews: The filter problem affected a small number of bags between one specific terminal and another. It certainly had an impact but it was absolutely not catastrophic and overwhelming.

Q297 Mr Wilshire: So, even if you added together the four little ones plus the baggage problem, which is somewhat more major, they would not of itself have been the problem?

Mr Matthews: I believe not. Obviously, if you have enough small things ultimately it becomes a big issue, but in my opinion none of the things you have mentioned on their own or even in combination would have resulted in the turmoil we had on the first day.

Q298 Mr Wilshire: Others have asked why consideration was not given to delaying the opening as a solution. Would it have been possible to halt the process towards the end with all the other airlines in the queue?

Mr Matthews: It would have been possible but it would have caused huge damage and turmoil and therefore it would have been a difficult decision to take. But I believe that the people in place at the time would have taken that decision if they had seen absolutely clear that something fundamental was wrong. I repeat that Terminal 5 is working well today. If there was a fundamental problem with the processes, even where those processes had been changed, or the system it would not today be working correctly. The system and to my knowledge the processes have not been fundamentally changed.

Q299 Mr Wilshire: Having plucked up the courage to ask the unions the odd awkward question perhaps I can put a couple to you. It has been reported in the newspapers that BAA or Ferrovias has financial difficulties. I do not want to go into that because that is not what we are inquiring into, but is there anything about what happened with the opening of T5 that owes anything to what we read in the newspapers about financial difficulties?

Mr Matthews: Nothing whatsoever.

Q300 Mr Wilshire: The other awkward question is that one of the things you did early on after your arrival was to go in for a major management restructuring. Did that have anything to do with what went wrong at T5?

Mr Matthews: It was nothing to do with what went wrong at T5. Nonetheless, I think it was a pragmatic way in which I and my team could devote more time directly to Heathrow, so it is a reflection of just how important it is to BAA that Heathrow functions properly and well and the priority that I personally put on it.

Q301 Mr Wilshire: Does that mean that when you arrived you judged that Heathrow was not getting the attention and working as well as it might have done?

Mr Matthews: I did note that there were several layers of management between me and, say, the operations director running Terminal 5. In the new structure I am much closer to that.

Q302 Mr Martlew: Obviously, the opening was a major PR disaster. I think you made reference to June 5 when there were no problems at all. Surprise, surprise, there was no media coverage about it, was there? Do you feel aggrieved about that?

Mr Matthews: No, absolutely not. The airport's job is to do fantastically well but we do not need to be visible. I think that for us success is that a passenger buys a ticket from Virgin or British Airways, has a great experience and is conscious only that he or she has had a good flight. I do not see why the passenger should be specifically conscious of BAA's performance, so I will settle for not being visible.

Q303 Mr Martlew: You got off to a bad start. How do you convince the general public that Terminal 5 is where they should fly to?

Mr Matthews: I think we need to be modest. To suggest we are perfect is a mistake because we are not. Therefore, I think the answer to your question is that so far more than four million passengers have passed through T5, the vast majority of whom I believe have had a good experience. Therefore, the reputation of T5 substantially will return because we have millions of people passing through it and saying to themselves and colleagues and friends that it was a good experience. Perhaps that is too "engineering". I am an engineer, not a marketing person, but I think that what will recover reputation is millions of people who are pleased with their experience.

Q304 Mr Martlew: You mean it is a bit like the National Health Service. Those who use it find it is good; those who do not need it have a different view of it?

Mr Matthews: I believe that people whose memories of Terminal 5 are coloured by the opening days should come back and try it and see that it is working well.

Q305 Graham Stringer: Last time you were here we discussed how many warnings you had had from trade unions and middle management about the problems that might happen. You said that you had not had the opportunity to check emails and so on. Have you taken the opportunity over the past couple of months to see how many warnings were given by management and trade unions?

Mr Matthews: I did and I could find nothing in my system or that of my predecessors. I asked my senior colleagues to do so. We have not found an email or letter with those warnings. I quite accept that there were verbal discussions. I do not suggest that means that the trade unions did not express their views; I am sure they did, and we heard some of that half an hour ago, but, in response to your formal question, I have looked and have not found any such specific warning.

9 July 2008 Mr Colin Matthews and Mr Terry Morgan

Q306 Graham Stringer: The trade unions told us that they had forebodings and told management there would be problems and you are saying that you have no record of that whatsoever?

Mr Matthews: In my personal system I have no such record. I can perhaps turn to my colleague.

Mr Morgan: At the risk of repeating myself, we do not have visibility of correspondence or discussions between BA and their unions, so it is possible that there were discussions going on between the unions and BA.

Q307 Graham Stringer: I accept that here there are two managements, BA and BAA. I am asking whether the trade unions or your own management emailed or warned you in any way whatsoever about the problems that arose?

Mr Matthews: That is a slightly different question. I am sure there were discussions because there was a process going on over months, but the strict answer to the question whether I have found any letter or email is that I have not.

Q308 Graham Stringer: That is surprising but it is a very clear answer. On your previous appearance we talked about the relationship with BA which you said was good. When BA came to give evidence it told us basically that it was instructing counsel and taking legal advice as to what to do about the situation. Has there been any legal redress for costs following the problems that arose at the opening of T5?

Mr Matthews: I am very reluctant to talk about commercially sensitive issues. I am sure there will be discussions.

Q309 Graham Stringer: I am being very specific about legal action.

Mr Matthews: There is no legal action.

Q310 Graham Stringer: By BA? Is Lufthansa taking legal action?

Mr Matthews: I am not aware of any legal action by Lufthansa or British Airways.

Q311 Graham Stringer: Or any other airline at all?

Mr Matthews: I think it is in the public domain that a judicial review is being pursued by one airline against the recent price settlement but that is not against us; it is against the CAA.

Q312 Chairman: What will you do differently when Heathrow East opens in time for the Olympics?

Mr Matthews: I hope I have given you my personal credo which is that there is no such thing as a good airport unless you have good airlines operating from it, so it is a matter of making sure that the projects we do have single objectives, measures and teams and that we are blind to whether it is a United Airlines, British Airways, Virgin or BAA employee; it is one team that is absolutely determined to make that project work. That is the clearest single lesson and conviction that I will take, not just to HET. Before HET we are refurbishing T4, T3 and T1. We are rebuilding practically every single terminal at

Heathrow. It is a massive programme. Happily, none of the moves is quite as huge as the first opening of T5. Nonetheless, we need to make every one of them work well.

Q313 Chairman: Are you absolutely confident that there will not be any repeat of the fiasco at Terminal 5?

Mr Matthews: I am absolutely confident that we are not perfect today or in the future. I know we can get better and that we have learned the lessons we need to from Terminal 5.

Q314 Chairman: What would you regard as an acceptable rate of baggage loss?

Mr Matthews: One can look across at different airports. It is always the case that if one checks in a direct bag one does not have the risk of a late arriving aircraft in the same way. Therefore, direct bags are always more reliable than transfer bags, but I believe that our performance in Terminal 5 is the same or slightly better than the other terminals and today's level is comparable with other airports.

Q315 Chairman: But is it good enough? There have been criticisms in the past about baggage loss at Heathrow.

Mr Matthews: No, it is not good enough. How can I possibly say that it is good enough until there is not a single bag lost?

Q316 Chairman: You do not give the impression that you attach any urgency to dealing with that?

Mr Matthews: I absolutely attach urgency to it. Sadly, there is no airport on earth yet that has the technology to measure lost bags in parts per million, but that is where we need to get to and that is what customers expect.

Q317 Chairman: We have been told that the loss is 8.3 bags per thousand. That is a lot, is it not?

Mr Matthews: That is less than 1%. Some people would say that is great; I say it is not good enough, but the technology available today in airports around the world is just not perfect.

Mr Morgan: One point made earlier was the fact that a lot of the baggage systems at Heathrow, particularly into terminal, were manual and relied very much on people putting bags on trucks and driving them around or whatever. One of the projects in the transformation of Heathrow is to put much more automation into that, so particularly in the area of transfer bags that should help to get the ratio down as far and as quickly as possible.

Q318 Chairman: But you will not put a figure on it?

Mr Morgan: The answer to your question as to what would be acceptable is zero if it was my bag.

Q319 Mr Wilshire: Mr Matthews, you have rightly said that perfection is impossible but clearly you would like to reach near perfection. Are you aware there are those who say that Heathrow ought to be

9 July 2008 Mr Colin Matthews and Mr Terry Morgan

better, not bigger? Am I right in believing that you will never reach near perfection until you have another runway?

Mr Matthews: I think there are lots of things we can improve without another runway, but some things we cannot improve without having more resilience. Two days ago there was a major rain storm, which I am sure Members of the Committee will have noted. Even a rain storm causes delay at Heathrow because we have no margin for events like that. It causes a slow down in the landing and take off rate. I think that capacity at our hub and the nation's connection to the rest of the world is a critical issue.

Q320 Chairman: That is perhaps a topic for another day, but we do not accept that capacity issues are an excuse for poor management of the sort we saw at Terminal 5.

Mr Matthews: Quite right.

Q321 Mr Wilshire: I was not suggesting that, Chairman. You said that you liked to be invisible and hoped people would try T5. In my travels round the world it is not just a British problem that we have

now. I hear elsewhere people saying that after what has happened they would rather travel anywhere than through Heathrow. That must be deeply serious for the local community and the country. Can you on your own or with BA somehow come up with a programme to get the message across to the travelling public across the world that it is now safe to come to T5 again?

Mr Matthews: I am sure that modestly, calmly and prudently we should do exactly that.

Q322 Mr Wilshire: Do you have plans to do it?

Mr Matthews: We have some embryonic plans to do that, but personally I will be cautious. I want to make sure that the facts precede the proclamation of them.

Q323 Mr Wilshire: When will the embryo be born?

Mr Matthews: I do not have specific timing, but I think that right now Heathrow's competition is Paris, Schiphol and Frankfurt and they are only too pleased to benefit from that reputational damage and it is important that we correct it.

Chairman: Thank you for coming and answering our questions. That is very helpful.

Written evidence

Memorandum from David Morton of Uniglobe Travel (British Isles) (T5 03)

OBSERVATIONS

As a travel industry professional and self-confessed “airline anorak”, I had booked a day-return flight to Paris with BA on the opening day of Terminal 5 at Heathrow on 27 March 2008. I have personally flown hundreds of thousands of miles from Heathrow in the past decade, and I wanted to experience firsthand both a departure and arrival through the modern new terminal.

Physically T5 is indeed stunning, and in that respect BAA has delivered a vast improvement on the tired state of the older terminals. It was a shame that systems and processes fell down so significantly on the opening day—and this appeared to be shared by issues on the part of both BA and BAA.

My departure was delayed almost an hour the morning of 27 March 2008, but this was nothing untoward given Heathrow’s runway congestion.

A few hours after my arrival in Paris, BA’s notification system for flight cancellations did work, as I received a SMS on my mobile stating that my evening return flight had been cancelled. BA did an exemplary job of rebooking myself and hundreds of other passengers on flights with Air France from Paris CDG to Heathrow for the following morning, and booked us into a nearby airport hotel and provided dinner in the hotel restaurant. In defence of BA, this process was handled with professionalism and courtesy.

RECOMMENDATION

From my dual perspective as a passenger and travel industry manager, it seems that too much reliance was placed on automated technology and systems in T5. Clearly, inadequate contingency was made for the new systems not working. Staffing in T5 has been reduced to a minimum, which means that when systems fail (or adverse conditions require mass rebooking on a large scale), there are not enough adaptable employees present to assist passengers. I accept BA’s stance that labour provision should be kept as low as possible, where technology can be harnessed to provide customer service just as effective.

However, while the T5 departures area is “technology heavy”, with almost 100 self-service kiosks for passengers’ use, there are none of these accessible within the terminal post-security. This was a glaring omission I note as a passenger.

- I would recommend that a number of self-service kiosks be installed in (a) post-security departures lounges and (b) baggage hall/arrivals areas and be setup to allow passengers to rebook in times of significant delay/cancellations. In this way, passenger flow can continue through the terminal in a natural flow, rather than many passengers scrambling to get back up the main departure area/ticket hall to rebook.

If not a permanent installation, trios or quartets of “slimline” kiosks should be designed which can be wheeled into place in the aforementioned areas at any times of significant future disruption (for severe weather, heightened security, runway impairment/closure, etc at Heathrow).

These specialised kiosks should be programmed to allow changes/cancellations to any BA bookings (of course only by passengers with the valid reference, credit card &/or frequent flyer card matching the booking data) within a future departure window of +1 or +2 days, as many passengers may have separate bookings with BA which may also be affected in a knock-on manner by the adverse conditions.

For those bookings made via a travel agent or TMC (travel management company), the BA reservation system (Amadeus) should (a) auto-synchronise or (b) queue to the relevant back office to ensure the booking data is updated in some manner with the original booking entity to satisfy duty of care and tracking considerations—even more paramount in a time of disruption.

April 2008

Memorandum from Mick Curran (T5 05)

I arrived T5 domestic arrivals on 27 March at 1500 hours. Aircraft parked on stand and we waited over an hour for a set of steps to deplane. Waited further THREE hours for luggage, my bag still missing as of 10 April.

The points I raise are:

1. Never saw any BA management. They could had told us to leave as situation was out of control.
2. No wheelchairs available for the elderly. Not many seats either.
3. Food and water not available for early three hours, although facilities available landside, the other side of security doors.

The basics had been overlooked in the PR spin of the opening of this new facility.

April 2008

Memorandum from Peter Rickard (T5 06)

I offer a brief submission (based on extracts of the relevant parts of a letter sent to the CEO British Airways—21 April 2008—and with additions—setting out events at Terminal 5 as personally experienced) offered for the meeting of the Parliamentary Committee for Transport to discuss Terminal 5 at Heathrow.

Please use whatever is relevant. Am most willing to offer further input if required. Our practical experience may help to show exactly how customers have been treated by the Terminal staff, by BA and exactly where the Terminal failed as far as we were concerned in its primary purpose.

“(To Mr W Walsh, CEO BA plc).

THE “SO WHAT” JOURNEY

No doubt this is one letter amongst many you will have recently received but to make it a little more memorable I title it The “So What” Journey for indeed that recent well known dismissively arrogant Parliamentary phase sums up the general way things seem to be accepted. Apart from the absolutely tremendous work done by BA staff in Miami, the general dismissive attitude by BA can best be summed as SO WHAT.

3 APRIL 2008

Booked on BA 0207 Club World to Miami. Arrived Terminal 5 well in advance of flight to allow for any difficulties. Misdirected on two occasions when directions were sought to Club World check-in.

Never did find the Club World check-in desk. Walked the full length of the check-in desks—all of which had more than one set of customers waiting. On both occasions directed instead to First Class check-in.

Our reception there (no-one being checked-in and staff busy socialising) was totally unhelpful to the point of contempt and arrogance. We were literally “waved away”. I have seen rudeness in my time but this was absolutely beyond acceptance. A Course in basic manners would seem appropriate. These presumably were BA staff.

BA senior staff member whom we encountered as we again sought assistance did then arrange for our bags to be checked in at Desk J, which was First Class, and directed a member of the check-in staff to process the bags.

Member of staff responsible for the check-in displayed a “could not care less attitude as if we were something beneath her, much on a par with the reception we received some five minutes earlier at that check-in.

(Formal complaint procedures requested from BA).

Possible contravention of security aspects at the check in desk.

No PRIORITY labels placed on bags. three bags processed, the first and third heavier than the middle bag (which was actually the only one to arrive in Miami)

Question: *Exactly why does the lightest middle bag arrive and the others ahead and behind it do not? Is there a selection procedure at the loading bay to remove the heavy bags? Or was this feat achieved at the check-in desk?*

After check-in commenced hunt for Business Class lounge. Misdirected several times. (Later note: Moved up and down levels but no obvious signs. Finally found the lounge placed at the end of yet another shopping Mall).

In doing so wandered through expensive bric-a-brac shops (invariably empty) with all the other crowds who were merely seeking to sit down with their families rather than purchase a couple of Prada bags for the journey. Seats in very short supply.

Overall impression was that few staff (actually none given the fact of so many wrong directions) had been briefed on the layout of the Terminal although the system was not fully checked by our asking directions to a particular goods outlet and noting the correctness of any directions given. Possibly they would then have been accurate.

The Terminal is apparently merely a huge shopping Mall with just about a secondary purpose of processing people and bags for their flights.

As an ex-aviator I can appreciate better the finer points of the flight part of the operation . . . what a joy it would be if the leadership and managerial expertise on display in the aircraft might have been present in the ground aspects in the Terminal where the bottom line seems to have been forgotten, not selling handbags, but getting people and their luggage, together, in timely fashion at the point of their destination.

ARRIVAL AT MIAMI

Spent nearly an hour searching for our bags until at last we found one of them and then we spied two hard pressed local members of BA's American staff with a large crowd around them. Full details of the two missing bags were already held by the Miami ground staff who advised that the bags had not been loaded at London. We were probably better off than the lady in front of us in the lost baggage queue at Miami, sobbing, as it was for her wedding that she had travelled and all her wedding clothes ie for the bridesmaids etc had been left behind in London. Just behind us was a family sailing the following day on a cruise ship who also had no clothes to wear.

We were then advised that later flight manifests for that day did not show bags loaded either. Despite Miami's hard work, the two aircraft per day to Miami did not carry our bags either until they were forwarded to Miami on 9 April by which time we had departed the United States.

3 APRIL TO 6 APRIL AT FORT LAUDERDALE

Only contact with BA through answer phones (no-one returned the calls) or email. Neither of these means is satisfactory in the circumstances for non-business travellers when FAX (to and from foreign hotels) is by far the more efficient method of communication, provided, of course, the airline has adequate competent staff employed to maintain communications with customers.

6 APRIL 2008

In desperation with no word from BA UK, a letter was sent as we left the States to BA UK giving our itinerary. (Later note—letter was merely acknowledged—16 April 2007—whilst we were in mid-Atlantic, of course, when indeed the ship, on our behalf plus a daughter at home were all trying to find out where the missing bags were to be found but the reply went to our home address when the itinerary set out in the letter showed the contact details for the ship. It has to be asked if anyone actually read our letter and the help to BA it was trying to offer? As it was signed by a very junior grade office clerk we were obviously impressed when we read it as to how much attention had been paid to our letter sent on 6 April, possibly arrived in UK 9 April and which then, obviously unread, which took another seven days to put out a standard letter (without a BA contact point). Such poor basic office management. Where was the managerial input, control and comprehension of the difficulties many would be facing? So What!)

Ship sailed from Fort Lauderdale for a Trans Atlantic voyage to Lisbon.

No-one at BA UK has bothered (to date 22 April) to advise us of the re-claim procedure for purchase of essential clothing however a telephone call from Miami on 20th April will have helped in this process. Thank goodness for the efficiency and actual concern of the BA staff at Miami.

Question: *Why a call from Miami? Why not a call from BA in the UK?*

We have been aware of all the debate about the Terminal being the responsibility of BAA. However it was not the CEO of BAA meeting passengers on the opening day neither indeed was the early PR for the Terminal based on it being BAA's rather than BA. As ye sow so shall ye reap.

13 APRIL 2008

Bags were delivered to UK home address. Luckily someone was living in the house and was there to receive them as no advance warning of delivery was given.

19 APRIL 2008

We flew back to Heathrow from Lisbon by BA. Our new hold baggage arrived with us.

So we come to our bottom line.

We will not delve deeply into what the Americans we met had to say about the general debacle but many summed it up as merely indicative of what England has become over the past 10 years. The epitome of the SO WHAT attitude. We did our best, on a losing wicket, to stand up for our Airline but with scant success. The well travelled Americans we met onboard frequently asked us "Did BA not take notice of what happened at Denver?"

SUMMARY OF SUBMISSION

I hope the foregoing may assist the Committee.

April 2008

Memorandum from the City of London Corporation (T5 07)

This letter responds to the Committee's announcement of plans for an oral hearing on recent problems experienced at Heathrow Terminal 5. Whilst the City Corporation is not in a position to respond fully to the Committee's announcement, I thought it appropriate to use this opportunity to reiterate some of the points made as part of the City's evidence to the Committee's previous inquiry into the future of BAA.

As mentioned previously, good aviation services and efficient welcoming airports are a critical contributory factor to the continued competitiveness of the City of London as the world's foremost financial and business centre and therefore, also to the ongoing success of the UK economy. The City Corporation shares the concerns of businesses that conditions at Heathrow in particular present a poor image for the UK and if they continue, may impact on the attractiveness of London as a place for inward investment. It was hoped that the opening of Terminal 5 would provide the opportunity to significantly improve the travel experience for those passengers who use the new terminal. As stated as part of our evidence to the previous Committee inquiry, this was dependent on adequate staffing levels and the introduction of appropriate streamlined procedures to minimise delays at check-in, passport control and security checks. The recent experiences at Terminal 5 would seem to suggest that these measures were not in place and underlines the need to address business concerns.

Incidentally, the Committee may wish to be aware that the City of London Corporation has commissioned York Aviation to update research undertaken in 2002.¹ This updated study, due to be published later this year, is to provide more contemporaneous evidence of the City's requirements for air travel, taking into account the various changes that have affected the aviation sector in the intervening period, not least of which are the growing awareness of climate change issues and increasing concerns about the environmental consequences of increased air travel. A key part of the study will therefore be to identify possible strategies for achieving an "appropriate" balance between the City's need for high quality aviation services and its environmental responsibilities. I will ensure a copy is forwarded to the Committee as soon as it is published.

April 2008

Memorandum from the Independent Airport Park and Ride Association (T5 08)

1. The Independent Airport Park and Ride Association (IAPRA) welcomes the opportunity to respond to the Transport Select Committee's call for written evidence relating to the oral evidence session it will be holding on Heathrow Terminal 5.

2. IAPRA is the trade association representing the UK's independent off-airport park and ride industry. It was established in 2002 to promote security measures and high standards of customer service in the off-airport park and ride industry, and to ensure that the role of the industry is fully understood and properly reflected in the development plans for UK airports and their associated surface access strategies. IAPRA's members are long-established and highly reputable professional companies with loyal customer bases.

¹ *Aviation Services for the City of London, Oxford Economic Forecasting and The Aviation and Travel Consultancy*, published by the City of London Corporation, October 2002.

3. Our members' combined 45,000 car parking spaces serve several million passengers travelling to and from airports the length and breadth of the UK each year. In addition to Heathrow Airport, our members provide off-airport park and ride services to passengers using Aberdeen, Belfast International, Birmingham, Cardiff, East Midlands, Edinburgh, Gatwick, Glasgow, Leeds Bradford, London Luton, Manchester, Newcastle International and Prestwick International airport.

4. The Association has some serious concerns about BAA's lack of consultation with our Heathrow-based members over the development of passenger drop off and pick up arrangements at Terminal 5 (T5). In order to place these specific concerns in context, our submission also provides a brief overview of the role played by independent off-airport park and ride within the surface access mix at Heathrow.

THE ROLE OF OFF-AIRPORT PARK AND RIDE

5. The private car currently is the preferred method of travel for a significant proportion of passengers travelling to and from Heathrow, and is likely to remain so for the foreseeable future. This is for a variety of reasons including: passengers' lack of proximity to public transport services; poor public transport services outside of daylight hours; the inconvenience of public transport, particularly for larger families travelling with baggage and the disabled; and the cost of services.

6. For many people, public transport will remain an unviable option, despite efforts to improve public transport links to Heathrow. It is therefore vitally important that an adequate supply of independently-owned off-airport park and ride services, in addition to the on and off-site car parking provided by BAA, is available to those passengers using Heathrow who have little choice but to drive to the airport and park.

7. The off-airport park and ride facilities provided by our members help to limit the growth of taxi and "kiss and fly" private car journeys to Heathrow's terminal buildings, and the associated congestion and pollution, by diverting passengers who might otherwise have made such journeys to locations away from the immediate vicinity of the airport. As our members are independently-owned businesses in direct competition with BAA's own car parking facilities, they also have a vital role to play in helping to keep the cost of airport parking at Heathrow competitive, to the ultimate benefit of the travelling public.

8. The use of off-airport park and ride services is an important element of many passengers' overall experience of air travel from Heathrow. BAA's approach to the provision of drop-off and pick-up facilities at Terminal 5 for off-airport park and ride services created significant operational difficulties for our members, and had the potential to impact on this experience in a negative way.

EXPERIENCE AT TERMINAL 5

9. IAPRA recognises that airport operators such as BAA have a legitimate responsibility to manage road traffic flows within the vicinity of their airports and that the provision of forecourt drop-off and pick-up facilities is one part of an airport's traffic management function. It is vital, however, that all of the road-based operators who use those facilities, IAPRA members included, are fully consulted by BAA on their provision.

10. In order for our members to provide a viable, high-quality service to passengers travelling to Heathrow, it is absolutely essential that an inclusive relationship of this kind exists between BAA and the off-airport park and ride industry. Our members need clear visibility and advance warning of any proposed changes to, or development of, forecourt drop-off/pick-up facilities, and the opportunity to comment on any such changes. Furthermore, in order for our members to prepare straightforward and accurate directions for customers, they need to be able to walk through the route that a typical customer will take, from exiting customs to arriving at a bus stop.

11. Regrettably, our Heathrow-based members' experience of preparations made by BAA for T5's opening was anything but inclusive. In fact, the flow of information about the terminal's forecourt arrangements was extremely limited, and the information that was provided was insufficient for our members to plan ahead with any degree of certainty. We know that BAA consulted with Transport for London, Sweltrac and some of the larger public transport providers on the issues. However, IAPRA was not included in this consultation process, and neither were our members, despite being long-standing and reputable service providers to a very large number of Heathrow passengers, and an obvious potential user of such facilities.

12. All our members were provided with by BAA in advance of the opening of T5 was a brief map of the new forecourt. We believe it was completely unreasonable for our members not to have been given the opportunity to properly examine in advance the facilities that BAA had allocated for their use. There are a number of aspects of the parking and forecourt arrangement at T5 which our members regard as inadequate, such as the drop-off arrangements, and signage and directions. These are issues which our members could have advised on in a productive manner. But neither IAPRA, nor our members, were given the chance to do so.

13. Despite having received advance bookings from T5 passengers, our members were prevented from viewing the forecourt drop-off facilities at the terminal until 0400hrs on the morning of its opening. As a consequence of the completely inadequate level of information-provision and consultation by BAA prior to the opening of T5, our members were, in some cases, forced to change instructions to customers on the morning of the opening so that they were clearer. If they had been permitted to examine at first hand the facilities they would be using at the terminal before the opening day, this service disruption could have been avoided.

CONCLUSION

14. The lack of consultation and engagement we experienced at T5 is, unfortunately, not an uncommon experience for IAPRA's members. It has also been the case in relation to the redevelopment of other Heathrow terminals, and in respect of forecourt facilities at other airports around the country, both BAA and non-BAA owned. Off-airport operators are rarely consulted properly by the BAA about the facilities they require; the facilities tend to be imposed without any prior consultation, whether or not they reflect what is actually required.

15. The use of off-airport park and ride services is an important element of many passengers' overall experience of air travel from Heathrow. The issues raised in this submission are important operational matters that have a real impact on this experience. It is essential that BAA, and other airport operators, develop a much more open, inclusive and consultative approach with IAPRA members, at Heathrow and other airports around the country. This will make a significant contribution to avoiding needless disruption of our members' services and, by extension, will help to improve the overall experience of many passengers who chose to access airport using off-airport park and ride services.

16. IAPRA recognises that the Committee's attention will be focused primarily on the difficulties caused by the new baggage system at T5 in its first days of operation. We hope, however, that the Committee's inquiry can be used, at least in part, to give some attention to the issues raised in this submission.

28 April 2008

Memorandum from BAA (T5 09)

1. INTRODUCTION

The problems associated with the opening of Terminal 5 are a bitter disappointment to BAA. We did not deliver the level of service that we should have, and for that we apologise to passengers.

We have not sought to blame others. Some of the problems were the responsibility of BAA and some of the problems were the responsibility of British Airways. While the Committee will rightly want to understand where and why problems occurred, our focus has been to work jointly with British Airways to deliver the high-quality service that passengers deserve and that we are confident the new terminal can deliver. Because we have been focussed on solving problems it is likely that BAA and British Airways have a different assessment of the relative weight of fault on each side.

The opening of Terminal 5 carried inherent risks. The Terminal 5 site is similar in size to Hyde Park, and would be one of the biggest airports in Europe if the rest of Heathrow did not exist. On the night of 26–27 March British Airways moved its UK domestic flights to Terminal 5 along with its long-haul flights from Terminals 1 and 3, and the vast majority of its short haul flights from Terminals 1 and 4. Over 10,000 staff started work in the building for the first time. Aircraft, equipment, and ground handling vehicles were moved across the airfield, and staff had to implement new processes in new surroundings.

As has been well-documented, problems on the 27 March accumulated to a point at which passengers were unable to check hold baggage and 68 flights were cancelled. Ongoing problems meant that during the first 11 days of operation, approximately 15% of scheduled flights out of Terminal 5 were cancelled—a total of 636 flights out of 4,095. Some passengers who travelled did not receive their baggage.

Although Terminal 5 has been operating a full flight schedule since 8 April, the move of British Airways' long-haul fleet from Terminal 4 to Terminal 5 has been delayed from 30 April until June. BAA regrets this postponement, and we recognize the impact it has on other airlines, but we believe it is a wise precaution to ensure that passengers do not suffer further disruption once the move does take place. We are working very closely with British Airways in the intervening period to ensure that result, as well as working with the other airlines to mitigate the knock-on effects as much as possible.

Our submission to the Committee focuses on the areas for which BAA is primarily responsible. British Airways is better placed to comment on issues that fall within its areas of responsibility.

2. TERMINAL 5'S OPENING PROBLEMS

As we have previously stated publicly, there were a number of BAA-related issues on the first day of Terminal 5's operation including problems with the baggage reconciliation system, staff car parking, and staff security search. Each of the problems in isolation probably would not have caused more than the "teething problems" that can be expected when any complex system moves from a trial phase to real conditions. Combined with the significant problems experienced by British Airways, however, they caused significant disruption to passengers. The specific issues that are the responsibility of BAA are detailed below.

2.1 *The baggage system*

It is important to understand the split of responsibilities between BAA and British Airways with regards to the baggage system.

BAA is responsible for the mechanical system that security screens and sorts the bags, and the software that supports this process. We are also responsible for the system and software that ensures all baggage in the hold of an aircraft is accompanied by a passenger on the aircraft. This is known as the baggage reconciliation system.

For outbound journeys we are responsible for the section of the baggage system from check-in through to the roller beds where British Airways baggage handlers load bags in containers and then onto vehicles. For arriving baggage, BAA is responsible for maintenance of the baggage reclaim carousels and the baggage reclaim hall.

British Airways is responsible for the baggage handlers and the logistics of delivering baggage to and from aircraft. For outbound journeys, baggage handlers take baggage off the roller beds, place them into containers and onto vehicles that drive out to the aircraft; bags are then loaded onto the aircraft. For inbound journeys baggage handlers unload the aircraft, drive the baggage containers to the baggage hall, and load the baggage onto the reclaim belts.

Problems with baggage handling and staff familiarisation have been widely reported, and these issues are best addressed by British Airways. In terms of areas that BAA is responsible for, there were software problems which involved:

- (a) the baggage reconciliation system—which alerts baggage handlers if baggage to be put into the hold is not accompanied by a passenger; and
- (b) the baggage system not recognising some bags that were transferring from non-British Airways aircraft to British Airways aircraft.

(a) Baggage reconciliation system

At the start of operations on 27 March, there was a problem with the log-in codes for the staff who operate the baggage reconciliation system. 41 users were locked out of the system due to a combination of errors in BAA processing password requests, British Airways generating barcode passwords incorrectly and operators not entering the passwords correctly. All of these problems were resolved by 10 am.

There were some further software issues with the baggage reconciliation system later in the week which resulted in a reversion to a manual process which led to some bags being incorrectly flagged as not being accompanied by passengers.

(b) Transfer bags

An unpredictable software issue meant the system had problems recognising data fed in from other airports. This meant that the system did not recognise some transfer bags that were being transferred from a non-British Airways airline carrier to a British Airways aircraft. This affected approximately 2,900 bags and was resolved by lunchtime on Monday 31 March.

Contrary to some reports in the media, the baggage system did not "stop working" on 27 March. Mechanically, the system has worked well since Terminal 5 opened. The system is designed not to deliver further bags onto the roller bed until bags have been removed by baggage handlers. Because baggage was not being removed quickly enough on 27 March the system eventually became full and effectively gridlocked. This resulted in the suspension of check-in.

The Terminal 5 baggage system has capacity for 12,000 bags an hour. This is sufficient capacity for British Airways' current and future operations, including flights currently in Terminal 4 and those that will depart from Terminal 5C when it opens in 2010.

2.2 *Car parks*

Problems with car parking caused minor delays to staff on the morning of 27 March. Around 100 staff arrived at the car park who had not collected their access pass; a software fault prevented a further 50 passes from activating the barrier; and the main car park became full earlier than planned resulting in parking being switched to a secondary car park. Most issues had been previously identified as risks and contingency plans were activated. For example, car park barriers were manually activated for staff who had not collected their car park passes. Additional staff were on hand to manage traffic congestion and provide information and assistance, as were BAA and British Airways management. Car parking issues were quickly resolved and car parking problems should not have delayed any staff member by more than 10 minutes. BAA does not believe that car parking problems were a major factor in the disruption caused to passengers on Terminal 5's opening day or on subsequent days.

2.3 *Staff security search*

It has been reported that queues for staff security search points prevented some staff from reporting to work on time. Staff search areas experienced higher volumes of traffic than forecast on 27 March, primarily because of non-Terminal 5 staff unexpectedly visiting the new facility. One control post opened 20 minutes later than scheduled, and in addition, one x-ray machine went out of service due to a technical fault. Queue times at staff search are measured on a regular basis and the longest queue for staff search on 27 March was 20 minutes at Apron Search South. Overall, since the opening of Terminal 5, staff search queues have been under 10 minutes for over 99% of the time. We regret that there were any queues for staff search on March 27, but we do not believe that staff search was a major factor in the disruption caused to passengers on Terminal 5's opening day or on subsequent days.

2.4 *Lifts*

28 of the 192 lifts at Terminal 5 were not in service on the opening day. Half of the lifts that were out of service were in the Terminal 5 short stay car park. The reason for lifts not being completed on time is primarily down to the difficulty of finding sufficient lift engineers due to the current high demand in the construction industry. As of 28 April, there are 19 lifts that remain out of service, and we expect all lifts to be completed by the middle of July. In each of the areas where lifts were out of service on opening day alternative lifts were available to passengers. We regret that part of the lift installation programme was not completed in time for the opening day. However, it would be wrong not to pay tribute to more than 60,000 construction workers who helped deliver what is widely regarded as one of the most successful construction programmes ever undertaken in the UK. We deeply regret that the operational problems with Terminal 5's opening have overshadowed their achievement.

3. BAA OPERATIONAL READINESS

In September 2007, BAA and British Airways began a six month programme of operational readiness at Terminal 5. There were several elements to this programme including:

3.1 *Proving trials*

BAA and British Airways ran 68 proving trials involving 15,000 members of the public, 32 aircraft and staff from every stakeholder at Terminal 5. These trials were designed to test each element of the terminal, from check-in and security through to the baggage system and way-finding. Five large-scale trials saw up to 2,000 people test the terminal at one time, to help stress test the building.

3.2 *Familiarisation, induction and training*

BAA staff who joined the Terminal 5 team participated in a programme of familiarisation, induction and training to ensure they were able to offer good customer service to passengers from day one. BAA's programme was primarily focused on our security and facility teams, although employees from retailers, control authorities and other supplier organisations also participated in our programme. The majority of our facilities team, including many technicians, were brought into Terminal 5 at least a year before opening, so they could familiarise themselves with the building. This team had access to dedicated trainers and coaches, and received full operational training tailored to each individual, to ensure all BAA staff knew how to operate all the equipment they would be working with in Terminal 5. BAA supervisors were required to undertake a 6-month programme of intensive coaching and development before Terminal 5 opened.

3.3 *Baggage testing*

Learning gained from other major international airports had identified the baggage system as the most significant risk to the successful opening of Terminal 5. Airports including Hong Kong, Denver, Kuala Lumpur, and Bangkok all experienced significant baggage problems on opening. For this reason the Terminal 5 baggage system was completed early in the construction programme so that it could undergo more rigorous testing than the rest of the building. 400,000 bags of different size, shape and weight were put through the system before Terminal 5 opened.

The design of the system was driven by the need to provide consistent and reliable operational performance. Critical elements of the baggage system in Terminal 5 are duplicated so that if one part develops a fault the other can provide necessary redundancy. Therefore there is no single point of failure within the system. No technology that had not already been proven in an operational airport environment was incorporated into the design.

The extensive baggage testing that took place beforehand did not identify the software problems that occurred during the first week of operation. There is no true substitute for a live operational day and despite the vigorous tests that took place, it was inevitable that once real passenger bags were introduced into the system, there would be bedding-in issues.

Once initial problems were resolved, during the first month of operation we achieved a comparable level of performance to the rest of Heathrow with further operational improvements under development.

4. BRITISH AIRWAYS' SECOND MOVE TO TERMINAL 5

BAA and British Airways announced on 11 April that the planned move of the airline's long haul services from Terminal Four to Terminal Five will be deferred until June. We are working together to iron out any remaining issues, including the baggage system and its operation, and developing a robust timescale for phasing the move of Terminal 4 services into Terminal 5. The decision to delay the move has been made in the interests of passengers. Though Terminal 5 is now working well, we need to have confidence that good service can be maintained when the terminal is handling larger numbers of customers. We are confident that BAA's systems will be able to deliver this in June.

However, we recognize the impact that delaying British Airways' move into Terminal 5 has on other airlines. There will be a particularly significant impact for those airlines that are scheduled to move into Terminal 4 in 2009. Work on refurbishing Terminal 4 cannot now be completed to the original timetable. The closure of Terminal 2 to build Heathrow East is also likely to be delayed. We are working with the whole airline community to mitigate as much as possible the knock-on effects and ensure minimum disruption to passengers. BAA remains committed to the £3.8 billion capital investment programme to transform Heathrow over the next five years by refurbishing Terminals 1, 3 and 4 and building Heathrow East.

5. CONCLUSION

BAA sincerely apologises to passengers who suffered disruption in the opening of days of Terminal 5.

We would like to pay tribute to our staff, many of whom volunteered to work additional hours and did their best to provide assistance and help to passengers in a challenging operational environment.

Although many passengers have suffered unacceptable disruption, we have also received positive feedback from others who have travelled through the new facility. Terminal 5 is a stunning building. Its first day of operation should have marked a new beginning for Heathrow, and the first step towards restoring the airports' reputation as a world-class transport hub.

We now need to restore passengers' confidence by consistently delivering great service. Both BAA and British Airways are resolutely focussed on working together to achieve that goal.

Supplementary memorandum from BAA Limited (T5 09A)

As agreed at the hearing of the inquiry into the opening of Heathrow Terminal Five on 7 May, I can now provide a fuller picture of our investigations into the events of 27 March, and the subsequent few days.

The lessons we have learned from the opening week informed our approach to the next stage of the transfer of flights to T5, which took place on 5 June. This saw the transfer of an additional 15 arrivals and 15 departures from the terminal, which included flights to New York.

I am pleased to inform you that the switch on 5 June was successful, and we are determined to ensure that the final stages will also progress without problems. Despite having only opened for business in March, over four million passengers have now used T5.

At the same time, it is both legitimate for the Committee to ask for our assessment of what caused the problems on opening day, and essential for us as a company that we fully understand those causes.

In my view, there were two main root causes to the problems experienced on the opening day:

- The insufficiently close and open joint working between BAA and BA from September 2007 to 27 March 2008.
- The lack of staff familiarisation and training.

The following represents our best assessment of the issues involved. I have also set out the other specific operational problems experienced on the opening days, and concluded with some of the specific, practical lessons we have learned. Whilst we have tried to be as objective as possible, we accept that British Airways may have a different viewpoint from their perspective, though we have based these findings on the data that we now have available—much of which we did not have at the time of our last appearance before the Committee.

1. JOINT WORKING BETWEEN BAA AND BRITISH AIRWAYS

As both our chairman and myself acknowledged in our first appearance at the Select Committee, the opening of T5 was a huge disappointment for BAA, and BA.

Our immediate priority was to identify, and fix, the problems and to make the terminal fully operational. The way in which it has now been operating since 8 April suggests that we have succeeded, but that would not have been possible without establishing a stronger working relationship with BA.

Paradoxically, the challenges posed by the opening of T5 has enabled BAA and BA to better understand not just the mechanics of each other's business, but also the pressures and challenges each face.

This has led to more frequent meetings between BAA and BA. Specifically:

- a daily T5 operations meeting, attended by the senior BA and BAA managers and their immediate teams, to review the previous day's operating performance and implement any necessary actions;
- a weekly BAA/BA joint meeting to review the performance of the baggage operations at T5;
- a weekly BAA/BA meeting to assess progress in ensuring the remaining BA flights from Terminal 4 can be switched to T5 according to the proposed timetable;

During the construction phase, I consider the joint working between BAA and BA to have been good. However, after September 2007 (the so-called "operational readiness" phase), the relationship worked less well.

It is likely that had these mechanisms been in place before the opening of T5 then some of the problems that occurred would either not have happened at all, or been identified, and dealt with earlier.

2. STAFF FAMILIARISATION AND TRAINING

Baggage Handling System: During the course of opening day, the rate at which passenger hold bags were put into the baggage handling system far exceeded the rate that bags were being loaded onto aircraft by BA Baggage and Logistics operations. This eventually resulted in the baggage system exceeding its operating capacity and the system became grid-locked.

The baggage system performed as it should have done within its design specification. A few minor errors were identified but none had any significant impact on the overall operation on opening day.

The baggage system was installed early in the T5 project to allow sufficient time for rigorous testing.

The T5 readiness trials and test programme commenced on 17 Sep 2007 and was completed substantially to plan when trials concluded on 13 Mar 2008. This whole programme was jointly governed by BAA and BA.

The BHS test programme involved 400,000 bags of different size, shape and weight being put through the system, including testing of 6,000 and 12,000 bag through-put in concentrated two hour periods.

The test programme assumed that BA Logistics would move the resulting full Unit Loading Devices (ULDs) to the aircraft and load them. The testing, therefore, did not adequately prove the operational capacity of British Airways, nor how such a failure would impact the operation on the day. The trials did not highlight the need for real time updates to help provide early warning of capacity overload. No fundamental design problem was found in the system.

The problems for staff logging in to the baggage system on the opening day related to a batch of 48 "accounts" which had been incorrectly set up on the system the day before opening. The problem was limited to eight members of BA staff and was remedied by 8.56am on 27 March. Other failures relating to login on the day resulted from barcode passwords being generated incorrectly by BA.

There was high volume (26%) of BA users entering wrong passwords on opening day causing the system to lock the user out after three attempts. BAA implemented a fast track password resetting process to solve the problem that same day.

Stand Entry Guidance (SEG) System: SEGs were installed at all stand locations required on 27 March. Some were reported to be faulty on the first day, and our investigations found almost all of these were not activated as required by BA staff due to lack of familiarisation, leading to delays to aircraft arriving on stand.

Airbridges: All airbridges were available on the opening day, although a number were driven “out of limits” by BA ground staff due to lack of familiarity. This led to a loss of power, which caused delays to some passengers disembarking.

Build Readiness: The construction programme overran its planned schedule, and this delay was the subject of correspondence between BA and BAA in 2007. There was a BA/BAA T5 monthly meeting until 28 March 2007, with the first BA/BAA Programme Governance Board held on the 2 April 2007, which were bi-weekly. These then became the BAA/BA T5 Project Governance Boards in August 2007 and were then held weekly.

Some construction work continued during the Operational Readiness (OR) phase (17 Sep 2007 to 27 March 2008). The construction programme was tightly managed during this period to avoid disruption to the trials and familiarisation programme. Green zones were created to allow OR activity to take place without the requirement for PPE (personnel protection equipment). We ensured that trials and tests could continue where planned facilities were not complete.

A number of items, such as doors and fittings, in restricted areas were not complete prior to opening. This did not materially affect the operation of the terminal on opening day, though we accept that these items did have an adverse impact on staff confidence.

3. SPECIFIC OPERATIONAL ISSUES ON OPENING DAYS

Car parking: There were instances of minor disruption to staff car parking on opening day. A joint BA/BAA statement produced on the day confirmed the parking problems affected no more than 60 members of staff, causing delays of less than 10 minutes.

Staff search and controls points: Delays estimated up to 20 minutes were experienced by staff passing through ramp area control posts and the five staff search points situated in the terminal.

The plan for managing staff search points on the opening day was devised in close consultation with BA and based on projected throughput requirements for each location, anticipated staff routes to workplaces and search flow rates demonstrated during pre-opening trials. On 27 March, the Apron North staff search post did not open to plan due to a failure in the x-ray machine which was not rectified until 13:30hrs.

It soon became clear that the projections were not accurate with around 40–50% more staff than expected going through the Apron South search points. The trials did not factor in repeat entries by individuals, non-BA observers and retail staff who were instructed to report to work early. These groups contained many people using temporary passes, which requires mandatory physical searches through security, thus slowing the flow rate.

Lifts: Out of 192 lifts in T5, 28 were not in operation in terminal passenger areas on 27 March. We agreed with BA in advance the best ways to compensate for this loss of lift capacity, including the use of porters in the multi storey car park. The agreed plans were implemented in time for opening.

Escalators: Despite continuous testing prior to the 27 March, two escalators out of 103 failed but were back in operation by 09.30hrs on the opening day. Alternative lift facilities were available and therefore had a minimal impact for passengers.

Track Transit System (TTS): The inter-terminal TTS was fully operational on the opening day. It suffered a single breakdown in the first week (on 30 March) but was out of service for less than two hours.

Crisis Management Structure and Arrangements: The main means of communication between BA and BAA was at crisis management team level, both located in office locations away from Terminal 5. A joint BA/BAA crisis management structure was not established at Terminal level.

T5 Opening Contingency Plans: Plans were not produced (either independently or jointly with BA) to respond to BA Logistics failure to protect the baggage system.

The contingency plan to divert alternative facilities in the event of staff search congestion was not communicated to third party staff prior to opening.

4. PRACTICAL LESSONS LEARNED

The above represents our best analysis of the problems. The following are the practical lessons we have taken from the assessment:

- To refine the parameters for live monitoring of baggage performance.
- To over-provide for staff search and control posts on the opening day.

- To establish a joint BA/BAA crisis management team at terminal level for critical events and crisis situations.
- To ensure a direct link between the BAA and BA baggage and logistics teams with early warning indicators and protocols established for decision making in critical baggage operational scenarios.

All of these issues have now been addressed in the new mechanisms set up between BA and ourselves.

But, more important still is the spirit behind that new relationship. And, while we fully understand the legitimate role of the Committee to analyse the causes of the problems at T5, BAA remains reluctant to engage in a blame game.

The problems which surrounded the opening of T5 were unacceptable and should not have happened. Equally, however, it is only right to recognize that those problems have been addressed, and they have been addressed jointly by the teams in both BAA and BA. That, I believe, should be recognized and supported.

It was not inevitable that that would happen, and I think it says much about the commitment of our two companies, and those who work for them, that we have succeeded in successfully establishing a new working relationship against such a difficult backdrop.

July 2008

Memorandum from the Civil Aviation Authority (T5 10)

1. The Committee has invited interested parties, other than those who will be giving evidence to the Committee on 7 May, to submit brief written evidence. The CAA welcomes the opportunity to do so, given its responsibilities for consumer protection, airport economic regulation and safety regulation.

CONSUMER PROTECTION

2. EC Regulation 261/2004 establishes common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights. Airlines are required to provide assistance (such as hotel accommodation) to passengers affected by situations of denied boarding, cancellation or long delay and, subject to circumstances, financial compensation in situations of cancellation or denied boarding. When it became aware of the problems associated with the opening of Terminal 5 the CAA took a number of steps:

- It reminded British Airways of its obligations towards passengers and obtained confirmation from the airline that the terms of the EC Regulation would be abided by in full;
- It required British Airways to revise the passenger rights notice it issued on 27 March to ensure that the potentially misleading statements, in respect of the value of hotel accommodation it would meet, were amended;
- It undertook an inspection at Terminal 5 on Saturday, 29 March to test that British Airways was providing affected passengers with information and assistance in accordance with the EC Regulation; and
- It met with British Airways to evaluate progress and required the airline to provide an explanation for media pictures of passengers “rough sleeping” on the floor of Terminal 5 on 6 April. It emerged that this was the decision of the passengers to whom British Airways had offered accommodation.

3. So far as passengers’ baggage is concerned, in order to return backlogged luggage to passengers as quickly as possible, it is industry practice to transfer such backlogs to other airports to use their computerised baggage sorting systems. In this case British Airways undertook transfers to other airports as there was no spare capacity at Heathrow to undertake the task.

AIRPORT ECONOMIC REGULATION

4. The CAA regulates Heathrow Airport under the provisions of the Airports Act 1986. As Heathrow is designated by the Government for the purposes of Part IV of the Act, the statutory functions of the CAA are:

- to set a price cap on airport charges at Heathrow every five years;
- to implement public interest findings made by the Competition Commission in relation to Heathrow; and
- to deal with complaints about anti-competitive behaviour by Heathrow.

5. Heathrow, unlike other regulated companies in the UK, does not operate under an economic licence and consequently the CAA does not have the same powers as other regulators to add (and subsequently modify and enforce) conditions, or impose penalties, in the light of changing circumstances at the airport. The Airports Act 1986 does not envisage (nor does it enable) the CAA to intervene in the day-to-day running of the airport.

6. The CAA must perform its regulatory functions in the manner in which it considers is best calculated:
- to further the reasonable interests of users of airports within the United Kingdom;
 - to promote the efficient, economic and profitable operation of such airports;
 - to encourage investment in new facilities at airports in time to satisfy anticipated demand by the users of such airports; and
 - to impose the minimum restrictions that are consistent with the performance by the CAA of its regulatory functions.

These duties are not general duties of the CAA and only come into play when the CAA is performing one of its statutory functions under the Airports Act. They do not provide grounds for ad hoc intervention by the CAA in other circumstances.

THE DEVELOPMENT OF TERMINAL 5

7. Given the CAA's duty to encourage new facilities at airports in time to satisfy anticipated demands by users, at recent five yearly reviews of the price cap at Heathrow, the CAA has:

- (a) set Heathrow's price cap at a level that would incentivise BAA to proceed with the cost-effective development and construction of Terminal 5; and
- (b) adapted the price cap conditions to include "triggers" from 2003–04 onwards further to incentivise delivery of key phases of Terminal 5 to time. The mechanism would be a tightening of the price cap subsequently if certain defined milestones were not met. These milestones related to:
 - diversion of the twin rivers;
 - handing over to NATS of the Visual Control Room;
 - Terminal 5 building being weatherproof; and
 - Terminal 5 Satellite 1 being weatherproof.

As the Terminal 5 project went ahead the CAA obtained the necessary assurances, including independent verification, that each of the milestones had been met. Consequently the triggers, and their associated reductions in subsequent years' price caps, were not activated.

8. For the Heathrow price cap for the five-year period from 1 April 2008 to 31 March 2013 (known as Q5) the CAA considered suggestions made by airlines that the scope of "triggers" should be extended to new projects, including the first phase of opening Terminal 5. The CAA considered that the management control for success at the advanced stage the project had reached was now heavily shared between BAA and the airlines. In the CAA's view, BAA had sufficient incentives to open Terminal 5 on time not just in terms of its position on the critical path to delivering many other projects, to which triggers would apply, but also in terms of its reputation. The CAA did not therefore add the opening of phase 1 of Terminal 5 to the scope of the trigger arrangements.

9. The CAA's price cap decision of March 2008 mandated earlier completion of additional stands at Terminal 5's satellite C than BAA had proposed, as advocated by British Airways, creating more capacity across the airport as a whole during Q5 in order to provide for more robust operations.

10. In setting the Q5 price control, the CAA was very mindful of the close interaction between the initial opening and operation of Terminal 5 (and its subsequent completion with T5C) on the one hand and the opportunity for airline relocations in other terminals, which in turn would enable the timely construction of a new replacement Heathrow East Terminal (HET). The CAA has set financial incentives on the timely delivery of a number of the enabling investments in the coming year or two which would pave the way for HET construction.

SERVICE STANDARDS

11. Following consultation with airports and airlines, the CAA implemented a scheme of service quality standards and rebates in July 2003 following an adverse finding by the Competition Commission in its report of October 2002 in relation to Heathrow that prices paid by airlines did not sufficiently reflect the level of service they received. The scheme only applied to the four terminals in operation at the time and the Competition Commission recommended the specific services and facilities to which the scheme should apply. The Competition Commission's adverse finding did not extend to outbound baggage systems which have traditionally been covered by Service Level Agreements between the airport and airlines.

12. From 1 April 2008, the CAA tightened and extended to Terminal 5 the existing scheme of standards and rebates. At Terminal 5 the scheme covers 17 services and facilities provided at the terminal to airlines and to passengers. These are listed in the Appendix. The new scheme was introduced by the CAA on 1 April 2008 (coinciding with the start of the new price control period) despite requests from BAA for transitional arrangements in 2008–09 to develop measurement systems and/or appropriate targets for some of the new elements of the scheme and for existing elements with higher targets. The CAA also introduced on 1 April 2008 a scheme of bonus payments with Heathrow being able to charge higher charges in return for out-performance in respect of certain passenger-facing elements of service quality. The CAA saw this as a further spur to BAA to improve the experience that passengers can expect to receive, whichever terminal they use.²

13. While the CAA had no direct regulatory responsibility for the operational capability of Terminal 5, during the period leading up to the opening of the terminal there were a number of contacts between the CAA, BAA and British Airways to check on progress. These indicated that some issues around the handover of facilities in 2007 were resolved. Following the opening of Terminal 5 and the problems that ensued, the CAA wrote to BAA and British Airways on 31 March 2008 about the need for a “lessons learned” exercise stemming from the experience with the opening of the terminal and in particular the read across to subsequent airline moves.

SAFETY REGULATION

14. The CAA is responsible (through its Safety Regulation Group—SRG) for ensuring the safety of operations at aerodromes. It has no statutory regulatory obligations in respect of safety within airport terminal buildings (this being a matter for the HSE). SRG had worked closely with BAA and with NATS to ensure that appropriate plans were in place to ensure the safety of operations from Terminal 5.

15. A team of CAA Inspectors were present at Heathrow on Wednesday 26 and Thursday 27 March 2008. The Inspectors were satisfied with the management of the safety of operations.

April 2008

APPENDIX

SERVICES AND FACILITIES AT HEATHROW TERMINAL 5 SUBJECT TO SCHEME OF STANDARDS AND REBATES FROM 1 APRIL 2008

Departure lounge seat availability;

Cleanliness;

Way-finding;

Flight information;

Central security queues;

Passenger sensitive equipment—passenger movers, escalators and lifts;

Arrivals reclaim (baggage carousels);

Stands;

Jetties;

Pier service;

Fixed electrical ground power;

Pre-conditioned air;

Stand entry guidance;

Transit system;

Transfer search;

Staff search; and

Control posts search (averaged across the airport).

² The CAA corrected misreporting in the media that Heathrow could earn a performance bonus for the month of April 2008 if it met service standards in respect of Terminal 5. A bonus only becomes payable if the standards are exceeded and across the airport as a whole, not at any single terminal.

Memorandum from Department for Transport (T5 11)

1. Background Narrative.
2. Operators' Responsibilities.
3. Roles and Responsibilities.

1. BACKGROUND NARRATIVE.

1.1 Heathrow's new Terminal 5 opened to the public on Thursday 27 March. That day British Airways (BA) moved the majority of its short-haul operations—accounting for around 400 flights per day and some 34,000 passengers—to the new terminal.

1.2 From the initial opening day the baggage system—which is in operation at other airports around the world, but which had been adapted to suit BA's requirements—was affected by operational problems. These included technical difficulties with the software controlling the baggage system, and human factors such as BA baggage staff arriving late due to unfamiliarity with the terminal, and insufficient and incomplete training on the new system.

1.3 The problems resulted in congestion in the baggage system as more bags were checked in than the system was able to load on to aircraft. On a number of occasions the system stopped functioning, leading to aircraft taking off without some or all of their allocated luggage. Short-haul flights were cancelled to ease the pressure on the baggage system. BA drafted in volunteers to sort the delayed baggage and arranged distribution of baggage to off-site locations around the airport, and to other airports, for sorting, re-screening and onward delivery to their owners.

1.4 The well-publicised disruption and flight cancellations continued for several days, with over 300 short-haul flights cancelled between 27 March and 4 April. However, by the end of the following week the situation had stabilised and the backlog of bags at Heathrow was being cleared.

1.5 Under the original plans agreed with airport operator BAA, almost all of BA's long-haul operations currently at Terminal 4—totalling 60 departures and 60 arrivals a day—were due to relocate to Terminal 5 at the end of April, with a consequent reshuffle of other airlines' operations between Heathrow's other terminals to take place in stages up to 2010. However, in a joint statement on 11 April BAA and BA announced that the start of relocation of the long-haul services to T5 ("Switch 2") would be deferred until June as a precautionary measure to ensure that the terminal's operational systems were ready.

2. OPERATORS' RESPONSIBILITIES

2.1 BAA is the owner and operator at Heathrow Airport and has responsibility for the airport infrastructure including the terminal buildings—including Terminal 5—and their internal fittings, and for ensuring that the airport meets mandatory security requirements.

2.2 BAA worked jointly with BA and other airlines to develop the schedule for the relocation of BA's short-haul airlines to Terminal 5 ("Switch 1") in March, and the later relocation of BA's long-haul services ("Switch 2") and consequent moves of other airlines' operations between terminals.

2.3 BAA has also developed plans for the start of rebuilding work on the central Terminals 1 and 2 at Heathrow (the Heathrow East development) in 2009.

2.4 British Airways is the sole airline occupying Terminal 5 and has been working in partnership with BAA to deliver full operations at the new Terminal. Under international law (the Montreal Convention and the EU Denied Boarding Regulation) BA has responsibility for passengers' baggage and for ensuring passengers get appropriate assistance or compensation if their flights are delayed or cancelled. BA's Chief Executive has assured the Secretary of State that BA will meet its obligations.

2.5 Note: In relation to single flights an airline is liable for baggage handling. But in relation to connecting flights involving baggage transfer, there is a long-standing IATA convention between airlines (including BA who are an IATA member) that the last carrier will handle claims. This convention does not, of course, override international law so passengers can bring a claim under the Montreal Convention against any of the airlines that carried their baggage on their journey. In practice the last carrier is the one usually approached if at the end of the journey passengers find baggage missing. Airlines that seek to transfer blame to other airlines and refuse to handle claims are in breach of the Montreal Convention.

3. ROLES AND RESPONSIBILITIES

3.1 Both BAA and BA are commercial organisations that operate independently of Government. The Department for Transport has no direct role in managing Heathrow Airport or Terminal 5. Ministers and senior officials from the Department did, however, closely monitor the events at the terminal from when it opened, and were in regular contact with both BA's and BAA's senior managers to encourage them to work

together to resolve the problems and minimise disruption to passengers. The Secretary of State made clear to BA and BAA that the Department for Transport stood ready to assist appropriately with operational assistance if called upon.

3.2 Aviation Minister Jim Fitzpatrick visited the terminal on its first weekend of operation to see the situation at first hand. Prior to the opening of Terminal 5 the Secretary of State had on 20 November asked the Civil Aviation Authority (CAA) for advice on the passenger experience at Gatwick and Heathrow including an assessment of the benefits of Terminal 5. The Secretary of State's letter is attached.

3.3 More specifically, the Department's Transport Security and Contingencies Directorate (TRANSEC), the UK's transport security regulator, worked closely with both BA and BAA to ensure that the airport, airlines and others complied with mandatory security measures. These measures are implemented and paid for by BA or BAA, depending on which is responsible for taking forward specific measures.

3.4 The Government's message remains that BA and BAA should continue to work together to resolve any remaining problems at Terminal 5, and agree a realistic timetable for the move of BA's long-haul operations from the other terminals.

3.5 The Civil Aviation Authority (CAA) is the independent regulator for the aviation industry. The CAA enforces the EU Denied Boarding and Cancellation (DBC) regulations, which set out airlines' responsibilities to passengers in the event of long delays on departure or cancellations to flights. It monitored the situation at Terminal 5 and undertook an unannounced inspection of the terminal over the weekend of 29–30 March. This identified some difficulties in providing all passengers with the printed information note about their rights, but BA did acquire extra supplies, and CAA was assured that the airline was fully aware of its responsibilities under the DBC regulations and was endeavouring to comply with them.

3.6 In addition, Heathrow Airport is subject to economic regulation by the CAA, including service quality standards. In that context the CAA wrote to the airport on 31 March stressing the need for an evaluation of lessons learned once the current difficulties have been resolved.

3.7 The CAA will be making its own submission explaining its roles and responsibilities in more detail.

April 2008

Memorandum from British Airways plc (T5 12)

1. INTRODUCTION

1.1 British Airways welcomes the opportunity to submit evidence to the Transport Select Committee's inquiry into "Heathrow Terminal 5".

1.2 The airline's main base is London Heathrow Airport, the UK's primary international hub airport and one of the busiest airports in the world. British Airways also operates from nine other airports in the UK, and worldwide, to 154 destinations in 75 countries. It employs more than 43,000 people, of whom 38,000 work in the United Kingdom.

1.3 British Airways offers 562 flights in total to and from Heathrow each weekday, with a further 194 services a day to and from London Gatwick daily and 44 per day to and from London City.

1.4 As a full service airline offering a wide range of ground handling and in-flight services, British Airways has invested many hundreds of millions of pounds in its operations at Heathrow, including £330 million on facilities at Terminal 5.

1.5 British Airways is the sole airline user of Terminal 5, which will house 92% of the airline's Heathrow operation once all operational moves have been completed. The remaining 8% will operate from Terminal 3, where BA will be co-located with its oneworld partner airlines.

1.6 British Airways moved 70% of Heathrow flights from Terminals 1, 3 and 4 to Terminal 5 on 27 March. As is well known, a number of problems arose early on 27 March and the following days, which cumulatively resulted in the cancellation of 497 flights and in the delay of a significant proportion of passengers' checked baggage during the first 10 days of Terminal 5's operation. British Airways sincerely apologises to customers whose experience of Terminal 5 in its first days of operation fell short of the standards they rightly expect from the airline. Since 8 April we have been able to operate the planned schedule from Terminal 5 and to date, we have carried over 1.5 million passengers and operated almost 12,900 flights to and from the terminal.

1.7 The principal problems that impacted on customer service during the first days of operation fall into four categories:

- Some British Airways staff were unable to get to the airside parts of the terminal on time on 27 March.
- Unexpected faults arose in the Terminal 5 Baggage Handling System.

- During the first week of operation, key tasks performed by British Airways staff took longer than planned to complete.
- Parts of Terminal 5 were unfinished on the date of opening.

We comment on each of these later.

1.8 British Airways and BAA have worked closely together to resolve the initial problems and significant progress has been made. Terminal 5 is now operating well with the current number of flights. However, to ensure that there will be no further disruption to passengers when further flight moves take place, British Airways and BAA have agreed that there will be a delay to the longhaul flight move previously planned for 30 April, which will not now take place before June. Whilst we regret this delay, it is essential to allow sufficient time for the outstanding issues to be resolved to ensure that customers receive the high standard of service they are entitled to expect at Heathrow's Terminal 5.

2. TERMINAL 5 OPENING OPERATIONAL PERFORMANCE

2.1 British Airways carried out the physical transition of aircraft and thousands of pieces of equipment, machinery and vehicles from Terminals 1 and 4 to Terminal 5 overnight on 26/27 March successfully and ahead of schedule.

2.2 British Airways operated 153 flights, 81% of its planned departure schedule, from Terminal 5 on 27 March, carrying 18,027 passengers. For arrivals, 84% of planned services operated, totalling 157 flights and 18,557 passengers.

2.3 Between 27 and 31 March, British Airways operated 83% of both its arrival and departure flight programme from Terminal 5, a total of 1,523 flights, and carried almost 200,000 passengers. Throughout this period, services from Terminals 1 and 4 continued to operate as planned. These included the majority of the airline's longhaul flights and a number of European services, totalling more than 800 flights and 148,000 passengers.

2.4 However, as was widely reported, there were significant performance failures during the first week of operation in Terminal 5. The principal performance problems encountered are briefly set out below.

Staff Access Problems

2.5 Two problems encountered early on 27 March led to the late report for duty of staff working airside.

Car parking

2.6 A number of staff arriving at the designated car parks had access difficulties. From 0430 the main car park became full but staff were not redirected to the overflow car park early enough, which led to congestion on the airport perimeter road, delaying both arriving staff and those transferring by bus from the car parks to Terminal 5. The signage and redirection issues were corrected by BAA for the second shift on the opening day.

Staff security search

2.7 It became apparent to British Airways at 0520 on 27 March that the airline's customer service, loading and baggage staff were being delayed at the airside staff security clearance area. The delays were exacerbated by retail and other airport workers holding temporary airside identity passes who required full security searches and by the subsequent transfer of a number of security staff from staff search areas to the passenger search areas, further delaying the arrival airside of key operational post-holders. These delays impacted British Airways' ability to depart flights on time and to handle baggage for both departing and arriving flights in a timely manner on the morning of 27 March. Staff reporting for duties in the landside area of the terminal were not affected by security search delays and check-in opened as planned.

Baggage Handling System

2.8 Unforeseen problems arose with the baggage and loading systems, for both arriving and departing aircraft. A number of the issues were caused by the incorrect set-up of the system for live operation by BAA or its contractors and by unexpected software errors. A number of these errors were identified on the first day, whereas others took several days to find and to fix. Key errors and faults were as follows:

- Sign-ons to the Baggage Reconciliation System on 27 March for some loading staff were not working due to a table set up error. As a result, a number of British Airways baggage staff were unable to access the Baggage Reconciliation System in order to reconcile bags (ie match bags to checked-in passengers) for load approval and/or to generate the automated Baggage Manifest,

both of which are mandatory requirements that must be completed before a flight can depart. It became necessary to implement a manual contingency process that caused delays to scheduled departures.

- Wireless LAN access was not operable on stands 504, 518, 532, 533, 534, 535 and 536. This resulted in bags processed through the Head of Stand output points on those stands not being reconciled due to the inability of the hand held devices to access the Baggage Reconciliation System.
- First/Last Bag identification in the Reclaim Hall was not operable due to unexpected software interface issues. This resulted in delay in the reallocation of reclaim belts and poor customer service due to late arrival of baggage into the baggage reclaim hall.
- Software filters that were put in place for testing prior to opening to prevent specimen transfer bag messages generated during testing of the system being delivered into the “live” system elsewhere at the airport were not removed prior to the start of live operations. This resulted in baggage messages relating to bags transferring to British Airways from other carriers not being received by the Terminal 5 system. These bags then entered into the system but were not recognised and were therefore automatically sent to the system’s storage facility for manual sorting.
- A configuration was incorrectly set which stopped the feed of data from the Baggage Handling System to the Baggage Reconciliation System. This resulted in no Baggage Reconciliation System capability for a full operating day on Saturday 5 April. Data irregularities between the Baggage Handling System and Baggage Reconciliation System resulted in a disproportionate number of bags being designated as not having been screened to the required level, which meant they could not be presented for loading on the aircraft. These bags were then recycled through the system missing their flight and increasing the number of bags sent to storage.
- There was an error in the transmission of the British Airways flight information data between BAA to its contractor SITA, which resulted in the failure of the baggage system to correctly direct baggage messaging for a number of British Airways flights in Terminals 1 and 4, and in bags not being recognized by the system and being held within the Terminal 5 baggage system for manual intervention and recoding.

2.9 The combination of these errors led to the progressive build up in the system of non-recognised bags, bags that had missed their flights and re-flighted bags. This resulted in the physical capacity of the system being reached and the Baggage Handling System software becoming unable to process the volume of messages generated by the automated re-flighting process and, consequently, freezing. This overload of the system had several consequences:

- It became necessary to switch off the automated re-flighting system for bags that had missed their flights and to operate a manual system, which took significantly longer.
- At 1700 on 27 March British Airways was forced to suspend acceptance of checked baggage.
- Passengers already checked in and in the departure lounge were advised that their baggage would not travel with them to their destination.
- Customers yet to check in were faced with having to travel without baggage or rebooking onto flights departing on 28 March.
- Unrecognised bags and missed bags in the system had to be directed to an output point where they were taken out of the automated system and stored for return to passenger through a manual process. This was repeated daily through to 31 March resulting in a total of 23,205 bags that required manual sorting and screening prior to return to passengers.

2.10 Although some of the issues above were resolved on or shortly after the first day, a number of the elements did repeat themselves over the following days. These issues contributed significantly to both the decision to reduce the flying programme and the volumes of short-shipped bags during the first four days of operation. The flying programme was reduced to enable the airline to offer a more robust service to its customers, most of whom were then contacted and advised of changes to their flight schedules prior to travel.

Staff familiarisation and training

2.11 Prior to 27 March British Airways designed and delivered an operational readiness programme that involved:

- Familiarisation visits for 6,500 core Heathrow Customer Services and 9,300 other staff, involving 28,000 visits;
- training of 6,500 customer services staff in new working practices; and
- five major “proving” trials intended to carry out major end-to-end testing of the building, the equipment in it and staff processes.

2.12 As a consequence of delays in the building programme and its knock on effects:

- There was reduced time for several stakeholders including British Airways to conclude testing and training on vital equipment such as the baggage system, airbridge jetties and ground handling equipment.
- British Airways deferred by six weeks the commencement of the on-site familiarisation programme for its passenger service and ramp employees.
- The planned sequence and content of some of the proving trials changed significantly and was reduced in scope because of the inability to access the whole of the Terminal 5 site, with several planned trials being cancelled.
- The end-to-end integration testing of key British Airways operational IT systems was delayed until 31 October, which affected our ability to run both the proving trials and staff familiarisation as planned.

2.13 Whilst British Airways was able to carry out a number of proving trials successfully, and believed on the basis of the results of those trials that the operation would function as planned, it is now apparent that during the first week of operation the time taken to perform key operational activities in Terminal 5 was much longer than had been planned, contributing significantly to the delays and poor service experienced by many passengers.

2.14 Although the processes worked as designed, it is clear that on the first days staff did not have the degree of familiarity and confidence to operate to the planned times in what were new surroundings and in many cases using different equipment. The issues our staff faced are not to be taken as any criticism of staff, who worked extremely hard throughout and displayed great professionalism in difficult circumstances.

2.15 In hindsight, we should not have absorbed the continuing building delays by compromising the time needed to complete the full testing and familiarisation process as planned. We should have delayed the move on 27 March to allow the full programme to be completed.

Parts of Terminal 5 were unfinished

2.16 In addition to the above, a number of critical facilities in the Terminal 5 building had not been completed to the design specification by opening day and/or failed to meet operationally adequate standards, impacting both on customers and staff. In addition to the baggage system, discussed above, essential facilities that were incomplete or initially failed to meet operationally adequate standards included:

- Staff and passenger search (including transfer search).
- Staff facilities.
- Lifts, with a number of passenger and staff lifts remaining either not fully commissioned or unserviceable for customer and staff use.
- Jetties, which failed to perform as specified causing frequent stoppages. Maintenance engineers were required to reset the operating system on each jetty before it could be reused, leading to departure and arrival delays.
- Regular fixed electrical ground power unit failures, requiring the unplanned towing of mobile ground power units around the apron.
- Stand guidance systems, which were incorrectly calibrated for incoming aircraft, requiring attendance by airfield signalling marshalls.
- Staff accommodation areas and staff access routes were not fully completed or fitted out, with construction materials left in access routes for the first four days.
- Temperature control for the building needed to be operated manually.

2.17 Some of these issues have yet to be fully resolved, and we are aware that BAA is working very hard to do so as soon as possible.

Assistance to Passengers during disruption 27–31 March

2.18 The above problems caused considerable disruption to passengers, for which British Airways apologised. Customers on the cancelled services between 27 March and 7 April were offered assistance and compensation in accordance with EU Regulation 261/2004.

2.19 Baggage that missed the flights as a result of the problems was sorted off-site in Gatwick, Glasgow and Manchester, as there is a lack of suitable capacity at Heathrow to undertake this. We also sent 4,274 bags to an external handling company based in Milan for onward distribution to customers based in Europe.

3. THE NEXT STEP—PHASE 2

3.1 Performance at Terminal 5 has been improving steadily since 8 April. British Airways and BAA announced on Friday 11 April that the second phase of the transfer of the airline's flights to Terminal 5 would not proceed on 30 April as planned. Both companies want to ensure that customers can be confident of high service standards when additional flights are introduced.

3.2 British Airways and BAA continue to work together to resolve the remaining problems, including the baggage system and its operation, and to develop a robust timescale for phasing the move of Terminal 4 services into Terminal 5. This will not take place before early June.

3.3 Several options are being considered and announcements will be made in due course.

3.4 British Airways regrets this postponement and recognises the impact that this will have on Heathrow's airline relocation programme. However, British Airways believes it is in the interests of all users of the airport, both airlines and passengers, that Heathrow is operationally robust before further flight movements take place.

4. CONCLUSION

4.1 British Airways deeply regrets the disruption and inconvenience caused to its customers during the first 10 days of Terminal 5 operations. We have worked round-the-clock to resolve the outstanding issues and has made significant progress in all areas. British Airways would like to pay tribute to the very hard work of staff and the volunteers from across the airline who worked ceaselessly and in difficult circumstances to assist passengers over this period. We will continue to focus our efforts on improving our operating performance and the customer experience at Terminal 5.

May 2008

Supplementary memorandum from British Airways plc (T5 12A)

Willie Walsh, Chief Executive of British Airways, gave evidence to the Committee on Wednesday 7 May 2008 as part of its inquiry into Heathrow Terminal 5.

During the evidence session, he undertook to forward to the Committee details of delays incurred by British Airways, further to questions 181 and 182 from David Wilshire MP. Specifically, "the figures separately for delays at Terminal 5 which are caused by problems within the terminal as distinct from delays which are caused by air traffic control and runway problems."

The following information is submitted on Mr Walsh's behalf in response to these questions:

In April 2008, of the delays incurred by departing aircraft at Terminal 5, 2,916 were caused by air traffic control and 1,223 were directly attributable to Terminal 5.

In the period 1–7 May 2008, for British Airways departures from Terminal 5, there were 616 delays due to air traffic control and 172 attributable to Terminal 5.

May 2008

Further supplementary memorandum from British Airways plc (T5 12B)

This memorandum by British Airways is submitted in response to a number of issues about the airline and its performance that were raised in the oral evidence given to the Transport Select Committee by witnesses on Wednesday 9 July 2008.

1. Witness Mr Iggy Vaid of UNITE had already retired from British Airways in June 2008 and is no longer a serving employee or trade union representative within the airline.

2. British Airways undertook full consultation on changes to working practices with trade union representatives of all affected groups of employees who were relocating to Terminal 5. At no time were new agreements "imposed" on staff.

3. Consultations between the airline's management and employees and their representatives began in 2005 with the commencement of the "Fit for Five" programme. Extensive discussions and negotiations took place prior to the conclusion of each agreement. Of particular relevance, staff in Ground Support Services, which includes the baggage and loading sections, were balloted and accepted the company's proposals for new working practices.

4. Trade union representatives and their nominated delegates were invited to attend all process reviews and design workshops relating to Terminal 5 from 2005 onwards.

— 5. In response to Q198, it was wrongly stated that Veronica Kumar was a senior HR manager in British Airways. She is a member of BAA's senior management team.

6. In June 2008, more than 1.2 million bags were flown from Terminal 5. The direct baggage performance remains well above 99%.

7. There are very few “lost” bags at Terminal 5, however a number are misconnected. These are transfer bags which are delayed as they connect between flights, most usually for the simple reason that the incoming flight was late. The number of transfer bags being delayed at Heathrow has more than halved compared to the same time last year.

8. The majority of these misconnected bags are flown into Heathrow by other airlines for transfer onto British Airways’ flights. The reason that they do not reach British Airways’ aircraft is often not the fault of either the airline or of Terminal 5 but of the existing infrastructure elsewhere in the airport.

9. The vast majority of misconnected bags are repatriated to their owners within 24 hours, normally travelling on the next available flight as a result of major improvements and investment in the reflighting process.

10. Further to question 244, a pre-arranged meeting did take place between Steve Turner of UNITE and Willie Walsh, Chief Executive of British Airways, on 10 July 2008. Meetings between British Airways management and the trade unions at other levels continue to be held regularly.

July 2008

Memorandum from Steve Turner, Unite the Union (T5 13)

ORAL EVIDENCE SESSION ON HEATHROW TERMINAL 5

Wednesday 7 May

UNITE the union thanks the House of Commons Transport Committee for the invitation to give evidence on recent problems experienced at Heathrow Terminal 5. I am however, unfortunately unable to attend due to already scheduled union business and at this late stage it has not been possible to arrange for a colleague to attend in my absence.

For this reason we respectfully have to decline the Committee’s invitation to give oral evidence.

Given the significance of this session however, I would like to provide the committee with the following brief statement.

We recognise the importance of this evidence session and as the largest trade union within both British Airways and the British Airport Authority, with some 25,000 members, appreciate the importance of any evidence we may be able to provide.

We however, believe that this evidential session is premature and could in-fact jeopardise important work being conducted involving a number of parties in the project to put things right. This is of course our top priority and we are determined to see this world class facility operating in the eyes of the world as such without any further delay.

Given this, a body of work is underway in an attempt to resolve a number of significant issues within ground handling and customer services departments. To raise these issues in a public setting at this time we believe could have a detrimental impact on the ability of the parties to find a resolution.

We would of course be happy to contribute to any future evidence session on this matter and trust the Committee will both understand our difficulties in this instance and recognise that we have always in the past responded positively to their requests.

May 2008

Memorandum from Peter Hancock (T5 16)

1. As the new home of “The World’s Favourite Airline”, one would like to see British Airways carrying on with that wonderful accolade. But a half-empty plane, on a long-haul flight to Johannesburg, tells its own story. It suggests that people may be avoiding flying BA, in order to avoid flying via Terminal 5.

2. My daughter’s and her small children’s experience at Terminal 5, a few days ago, and delayed luggage, tends to confirm the impression that Terminal Five needs a serious overview, and report, from the passengers’ point of view, not that of the BAA or BA. If Terminal 5 is not to become known as “5 is Terminal”, then immediate action is required to rectify the apparent access, departure, and circuitous circulation problems for passengers.

3. Although operating at only 25% of full capacity, Terminal 5 requires an independent and critical Report on the actual circulation patterns and movements of passengers, from their arrival at the airport, to the point of departure, boarding the aircraft.

May 2008