

Cardiff Airport Consultative Committee– 20th November 2020 – Minutes

Committee Attendees:-

Helen Tustin (Chair)	HT	ABTA
Cllr Richard Young	RY	Bridgend Council
Cllr Dr Charles Smith	CS	Bridgend Council
Spencer Birns	DBR	Cardiff Airport Chief Executive Officer
Gerallt Marsh	GM	Globaltrek
Joann Scott-Quelch	JSQ	Llancarfan Community Council
Jeffrey James	JJ	Rhose Community Library
Cllr David Crompton	DC	St Athan Community Council
Cllr Eddie Williams	EW	Vale of Glamorgan Council

Also Present:-

Paula Baggot	PB	Cardiff Airport Executive Assistant
Matthew Swindell	MS	Vale of Glamorgan Council - Secretariat

Apologies:-

Cllr Caro Wild	Cardiff Council
Cllr Russell Goodway	Cardiff Council
Anthony Ernest	Vale Tourism Association

1. Welcome

HT called the meeting to order and welcomed the Committee members to the Cardiff Airport Consultative Committee (ACC) meeting.

It was noted that the meeting would be considered as an update for Committee Members and therefore not recorded as a public meeting, but the minutes of the meeting would be made available on the website.

2. Apologies for absence

Apologies for absence were noted from Councillors Caro Wild, Russell Goodway, and Anthony Ernest.

3. Declarations of Interest

There were no declarations of interest received for agenda items at this meeting.

4. Minutes of the previous meeting – 12th March, 2020

The minutes of the previous meeting held on the 12th March 2020 were agreed as a correct record.

5. Business Update from Cardiff Airport

5.1 Staffing Update

SB advised he had been with Cardiff Airport in a number of roles since 2006 and had taken over from Deb Bowen-Rees in the Autumn as the Interim Chief Executive Officer (CEO). Both Deb and Huw Lewis had left the business at the end of September and August 2020 respectively. A new Chairman also joined the business in June 2020. The Public Accounts Committee had raised staff changes with Welsh Government as an area of concern due to staff changes during a period of crisis, as well as asking if there was sufficient succession planning taking place at the Airport.

In terms of the position of Chairman, it was noted that Roger Lewis' term of appointment was due in October 2019 and a recruitment process was undertaken for a replacement Chairman. The successful candidate, Wayne Harvey, was not able to take up the role until June 2020, and as such Welsh Government requested that Roger maintain his role to cover the period to the end of May, which he agreed. Roger's intention to leave and Wayne being recruited had all begun before the crisis, that procedure being agreed prior to the outbreak of the pandemic.

In terms of the position of CEO, Deb had already handed in her notice in December 2019 and had always planned to exit the business by the end of the year. It was decided to expedite that process as a result of the crisis.

In terms of Huw Lewis' position as Chief Financial Officer, he was successful in being appointed to the role of Finance Director at the Royal Mint in February 2020. He had given six months notice. Therefore, all the staff changes were already progressing prior to the crisis.

There had been some changes to the Board, with SB stepping up as the Interim CEO as well as covering his existing role as Chief Commercial Officer. Wayne had now replaced Roger in the role of Chairman. David Walters had joined the business from Harris Pye Engineering Group as Finance Director in August, 2020.

SB noted that there was stability in the Management Team and the Board with no significant further changes in direction. Along with David, two more of the Board Members are Chartered Accountants and come from very strong financial backgrounds; Wayne had previously been working with Deloitte and Geraint Davies was a senior partner with Grant Thornton. Each Board Member's experience has been invaluable in helping to guide the Airport through the current crisis.

5.2 Latest Position at the Airport

SB advised that for the current financial year from April 2020 to the end of October 2020, business was down 97% as a result of the effects of the pandemic, which was significant. There had been very limited passenger operations for the period April to June 2020, with operations beginning again in July. The terminal had been prepared for a resumption in service during July and August in terms of all COVID-19 safe practice (social distancing, appropriate signage, sanitising stations, queueing for the check-in counters, reduced staff numbers in offices, etc.) Staff would meet and greet

customers and explain the current requirements. Socially distanced practices were put in place for shopping facilities and catering.

Travel did start to recommence, only for Spain to then go on to the quarantine list which meant that travellers returning would then have to self-isolate for 14 days on arrival. The Canary Islands and Balearics were also included along with the Spanish mainland. Two weeks later, France and the Netherlands were also added to the quarantine list. Anyone who was travelling from a destination where they had to stop at any of the areas on the quarantine list would then be subject to quarantine, irrelevant of whether their original departure destination was on the quarantine list or not. As a result, there was a huge impact on airlines' ability to attract customers.

The travel trade as a whole had experienced issues as booking had been taken in good faith which were passed to the tour operator or airline but had subsequently raised issues with refunds / re-bookings as a result of constantly changing situations. It also created acute financial constraints across the supply chain.

Car park operators had also experienced issues and the nearest operator to the airport has now put theirs up for sale as a result of no business over the summer. Catering and duty-free companies had been on the brink as a result of their subsequent financial positions.

The airport had been fortunate to be able to maximise the job retention scheme since March 2020. Welsh Government Ministers had asked the airport to maximise the UK Government's job retention scheme funding. As a commercial business at arm's length and not a Public entity it was not possible to receive capital in the same way that rail would. As such, any required funding would have to be completed using State Aid principles or via terms of a loan. All the funding secured so far as part of the crisis had been in terms of emergency loans with emergency interest rates which would be repaid over time. Welsh Government Ministers have made it clear that they do not wish to be in the position at the end of the crisis of Wales having no airport.

As part of the job retention scheme put in place from March 2020 it had been possible to furlough a good proportion of the staff. It had been possible to maintain airfield operations throughout, with on-field business therefore being able to continue to operate for the airport's partners. It had been possible to assist British Airways and facilitate their need to accommodate their mass groundings programme and part of their maintenance programme at Cardiff, as well as participate with their de-fleet operation for their 747 aircraft. Craft were maintained at the airport and then moved on to other airports, such as St Athan where E-Cube had won the tear-down contract. Some craft had gone to the Cotswolds and Newquay also.

Part of the business of the airport has been to support for the NHS, in particular the Welsh NHS, facilitating the movements of PPE into the area. It had been possible to facilitate direct charter flights from Cambodia and China into Cardiff where large volumes of cargo had been moved using all available space on the airplanes. Airport staff had assisted with such flights and processes, along with the fire service and the military, to get stock off the airplanes and direct to hospitals within an hour of landing.

Some of the airport fire teams had been lent to the Dragon's Heart Hospital that was set up at the Principality Stadium to assist in terms of fire and safety management. Over 50 staff had also been lent to assist with the Track and Trace programmes for Cardiff Health Board. Staff are also on secondment to the Vale of Glamorgan Council and Welsh Government, as well as on sabbatical to companies such as Aston Martin.

There had been focus on maintaining the capability of the airport as there is an expected bounce-back to come, the challenge is knowing when exactly that would be. There had been limited flying again from the end of September, but the county lockdowns had had an inevitable impact, as had Wales coming out of the firebreak just as England went into lockdown. It was encouraged not to travel internationally out of Wales which had an impact, the result of which was flying then taking place from the terminal was mostly sports related (often football and rugby teams) within their team isolation bubbles. There had been no situations where such teams had been mixing with passengers.

There is an expectation in December that, all being well and it is announced that travel is permissible and England comes out of lockdown, that flight expectations are as follows:-

- The reinstatement of the TUI programmes to the Canary Islands can begin, which would be 6 flights a week.
- Vueling may also maintain a small operation to Spain over the Christmas period.
- Most other flying is currently paused but the Anglesey flight is scheduled to come back in January but may be dependent on the lockdown situations.
- Eastern Airways are going to pick up Belfast which was one of the FlyBe routes.
- Loganair had decided to suspend Scottish routes out of Cardiff in June and discussions are ongoing about any resumption of service to Edinburgh and Glasgow.
- KLM are expected to fly again in February.
- From the end of March, there is an expected recovery into the Spring season with Ryanair, Vueling and Qatar Airways beginning to pick up more business.
- Qatar Airways flights had been paused a number of times, primarily as a result of lockdowns not just here but at other destinations on their routes.
- TUI are expected to operate the same programme that they operated in 2019 from Cardiff but may be a fluid situation.

It is expected that the staff furlough process would be used until the end of March 2021 and then hope in the spring to bring teams back as part of the bounce-back. The part time furlough system had been used which allowed staff to be rotated through that system and then share the burden across all staff members. Rather than furlough all staff 100% and asking them to take a 20% pay cut, it had been possible to give staff work for up to 30% of their time and allow them to take a smaller pay cut.

In terms of benchmarking against the rest of the industry, SB noted that it was not unusual for UK regional airports to be reporting downturns in figures. Some airports

had actually closed during the crisis whereas Cardiff had maintained some levels of business. Most airports had reduced their operating hours over the Winter, as Cardiff had done from 08.00am to 18.00pm, but the airport was still able to adjust to additional requests for service outside of those hours.

5.3 Questions

- (i) EW thanked SB for the detailed brief of the latest position at the airport, showing how constructively the airport was managing its commitments and its staff during a difficult time. He suggested it was a pity that there had not been wider publicity of all the airport was involved in doing currently.
- (ii) HT asked about third-party airport employees and how they were being Managed.

SB advised there are a number of companies connected to the airport as third-party employers and they had effectively done what was best for each of their businesses. The handling agents Swissport are a large employer and had been using the retention scheme during the earlier part of the crisis, until that became the Job Support Scheme. There had been confusion as the Chancellor had announced that the Job Retention Scheme announced in March would come to an end at the end of October and be replaced by the Job Support Scheme which would only pay up to 34% of salaries. Swissport as a result would not have been in a position to keep all staff under those terms and had gone through redundancy programmes before the 31st October, prior to the Chancellor then announcing that the Job Retention Scheme would continue. Unions had been in talks with Swissport about those affected employees to see if they could be taken back on.

The catering company had used the furlough system for the majority of their staff but had seen a lot of staff rotation throughout the crisis, as had been the case with Costa Coffee, etc. The Duty-Free operator had been using the job retention scheme, but also seen staff turnover during this period. Some other operators, such as Globaltrek, had actually recruited staff during this period as they had seen an increase in activity.

Some smaller companies had decided not to continue their tenancies at the airport, but there had since been replacement interest from several companies for the vacated spaces.

- (iii) HT referred to an ABTA meeting where it was thought that the bounce-back would not really come into effect until the Spring of 2021 with any significant numbers of flights, with a late-booking market predicted.
- (iv) JJ asked regarding the report that stated the intention to re-float FlyBe and whether there had been any conversations with the airport about re-starting at Cardiff.

SB advised there had been direct conversations as the airport would be keen to see them resume, and that had been noted by FlyBe. The airport is in

constant dialogue with them and other airlines about interest in using Cardiff Airport going forward. Jet2 had chosen to go to Bristol which had been disappointing as conversations had been taking place with them to use Cardiff. The airport does maintain dialogue and potential opportunities with partners. It may be that the industry waits to see what domestic demand looks like and what FlyBe's operating certificate may be, going forward.

The airport does receive speculative interest from those who feel they want to start an airline and ask for a conversation about doing so, as they see opportunities to be taken advantage of. There is demand for leisure travel and people are currently desperate to get away and it is expected that leisure demand will increase. Long-haul flying should also increase over time also, and there may be opportunities there for a new provider.

6. Future meetings

It was noted that the previously agreed calendar dates had come to an end and future dates would need to be agreed. HT reminded Committee Members that, as agreed in the Terms of Reference, the ACC should meet four times a year.

It was therefore proposed to hold ACC meetings that are open to the public during the following quarters on the first Wednesday of the month at 14.30pm for the coming year:-

- 03rd February 2021
- 12th May 2021 – moved from the first Wednesday of the month to avoid the Bank Holiday week.
- 07th July 2021
- 01st December 2021

7. Updates from Committee Members

There were no further updates presented from Committee Members.

Thanks were extended to everyone for attending the remote meeting.

Distribution:

All ACC Members

(Meeting concluded)