

Unions agree to salary furlough at British Airways

Paul Bond
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Two trade unions last week agreed terms for a salary furlough for more than 30,000 British Airways (BA) workers in a “modified” version of the UK government’s Coronavirus Job Retention Scheme.

The workers will receive 80 percent of their wages from the government’s wage subsidy scheme, but BA will also pay 80 percent of their allowances rather than observing the restriction on 80 percent of total earnings. The unions were also negotiating for shift pay to be included in the 80 percent figure.

The deal has been put to BA workers for a decision by April 15. The Unite union claims it has secured BA’s agreement that no worker will be laid off without pay during the furlough, and that there will be no redundancies, but this seems only a temporary halt to ongoing redundancy processes. The unions have said nothing about what will follow. The GMB trade union’s Nadine Houghton wrote only of “a ‘pause’ on the current redundancy consultation.” Commentators are already asking how many staff BA will actually require when operations resume.

The inclusion of allowances, enabling the agreement to exceed 80 percent of earnings, is misleading. It highlights the way lower wages are often disguised by allowances and extras that form no part of basic income. It is also more likely to benefit only higher-paid employees. One commentator said BA’s deal may be expensive “given the numbers of managerial staff who will benefit.”

Staff costs are estimated to account for around 40 percent of an airline’s expenditure.

Other airlines, including EasyJet and Virgin Atlantic, have also applied for government funds. EasyJet, which is not currently flying, has secured a £600 million government loan and will seek another \$500 million in commercial loans.

Unions have agreed to EasyJet’s furlough of 4,000 of its 9,000 pilots and crew. Major shareholder Stelios Haji-Ioannou previously told them to take unpaid leave, days after pocketing his personal dividend of nearly £60 million. He is demanding the company cancel a contract with Airbus for new planes, stating that he will not put any further

money into EasyJet otherwise.

Alongside BA, Virgin, the most vocal in demanding government bailouts for the aviation industry, is being hired by the government for repatriation flights. With many rivals grounded, BA is taking a major cut of the £75 million fee for these flights.

Its 16,500 cabin crew are the largest group of BA workers affected. Part of their pay is directly made up of flying allowances, so many will lose more than 20 percent of their income.

A week earlier, BA stood down new entrants to their Mixed Fleet cabin crew, telling them, “You will be laid off during this time, and the company will not be making any pension contributions during the lay-off period.”

BA’s deal, negotiated by Unite and supported by the GMB, enables workers to divert their pension contributions into salary during the furlough. This may bring them closer to actual salary, as pension contributions range between nine and 18 percent of pay at the company but deprives them of pension benefits later.

Where BA continues operations, suspensions will be shared between staff, with alternating attendance of six weeks off and two weeks on. BA has completely suspended all operations at some airports, where all staff will be furloughed. Website *Travelmole* reports that “many” of the furloughed workers “are expected to sign up to various volunteer programmes as part of the airline’s efforts to fight Covid-19.”

Some 36,000 workers are affected, including cabin crew, ground staff, engineers, and head office workers. Four in every five workers in this sector are affected.

The Unite/GMB deal follows an earlier deal between BA and the British Airline Pilots’ Association (BALPA), representing pilots. BALPA agreed a temporary 50 percent pay cut and unpaid leave for BA’s 4,000 pilots, who will not be paid for two weeks in both April and May. The shortfall will be spread across three months.

The coronavirus pandemic is having an enormous impact in aviation, with all travel reduced and airports closing down

operations. The International Air Transport Association has predicted airline losses of around \$40 billion in the next three months, in part because of the cost of refunding cancelled flights.

BA is currently still flying, although it expects to operate only 10 percent of its usual flights during April and May. Having suspended flights at London City, the airline has now also stopped flying from London Gatwick, aiming to consolidate continued operations from London Heathrow Terminal 5. Heathrow has announced it will be closing one runway from this week. Airports across Britain are closing and furloughing workers.

BA's parent company IAG has announced it will not be paying shareholders a dividend this year. CEO Alex Cruz has spoken of BA's "battle to survive" and the need "to act now to protect jobs and ensure BA comes out the other side of this crisis in the best possible shape." In order to be the "last man standing," this requires an escalation of attacks on BA's workforce, with Cruz emailing staff that the furlough decision offered "an immediate relief on the company's financial position."

Unite's national officer for aviation, Oliver Richardson, described its agreement with BA "as good a deal as possible" during "this unprecedented time for the airline sector." One source told the *Sun*, "Both sides are doing what they can for their loyal staff and members while ensuring that the airline survives."

The GMB's Nadine Houghton went so far as to describe the bailing out of BA as part of campaign for "the people's bailout package." She appealed for "more government intervention to protect the livelihoods of many more workers across the sector," but what it is in reality is a policy to hand even more of the public purse over to the conglomerates.

The sincerity of BA's commitment to its workers can be gauged by the fact that it only agreed to allow crew to wear masks during flights last week. Workers complained that they had been told to make do with their usual uniform.

BA's attitude was common in the industry. Workers at Manchester Airport said they had been provided with masks but no gloves or hand sanitiser.

Early last month, BA crew expressed fears of raised infection risk because planes were deep cleaned only monthly. One cabin crew member said the planes were "given a basic clean by cleaners who use the same cloths to wipe down galleys and surfaces."

Even as BA stood down crew without any clear idea how staff levels would be filled, there were complaints to crew boss Amy James about compromised safety due to non-existent social distancing.

Senior crew wrote: "From the moment crew arrive at the car park our safety is being compromised—on the bus to

Terminal 5, in the briefing room where we all sit shoulder to shoulder, on the crew transport to the hotel where we sit next to each other, in small galleys with our colleagues, and of course in the cabin where we have hundreds of passengers that we spend hours in contact with."

Enthusiasm for government wage subsidies is not confined to aviation. Publishers are also furloughing staff and cutting wages. JPIMedia, which produces *The Scotsman*, has furloughed 350 staff, implementing 15 percent wage cuts for the remainder. *Evening Standard* owner ESI Media has furloughed some staff and cut wages by 20 percent for those earning over £37,500.

The latest to follow suit is Reach, formerly Trinity Mirror, which publishes the *Daily Mirror*, *Daily Express* and many regional titles. Announcing a 20 percent pay cut for all board members and most senior editorial staff, the halting of company bonus schemes for 2020, and the cancellation of the 2019 final dividend, Reach furloughed 940 staff, around one fifth of the total, on 90 percent of their wages.

Again, this will likely impact on the lowest paid employees. Reach made a point of emphasising that the reduced pay would not fall below the Living Wage of just £9.30 per hour and £10.75 per hour in London.

Reach's chief executive Jim Mullen and chief financial officer Simon Fuller will not have a problem, having each received almost £300,000 in 2019 bonuses at the end of March. They were also given shares worth £1.18 million relating to the company's long-term incentive scheme.

The National Union of Journalists (NUJ) do not appear to have been consulted on Reach's proposals but have responded as to what their role will be in implementing the cuts. NUJ general secretary Michelle Stanistreet said the union was now "in discussions with the company about the measures they have announced," pledging to "engage fully with them about those provisions and how management seeks to apply them."

Reach is also seeking discussions on deferring payments to its pension fund, to which it pays £4.1 million per month. In last year's annual report, Reach posted a pension deficit of £295.9 million. Reach had made £48.9 million in payments, exposing the reality of talk about "a deferment of current contributions."

Reach's pre-tax profits for 2019 were £150.6 million on revenues of £702.5 million.



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