

CHAPTER 12

Manpower efficiency and industrial relations

Staff numbers, productivity and manpower planning

12.1. The Authority's total workforce is just under 7,000; of these 292 were engaged on commercial activities (as defined in our terms of reference) on 28 March 1985. A breakdown of these by location and broad functional category is shown in Table 12.1. Staff employed by concessionaires, licensees and tenants are outside our terms of reference.

TABLE 12.1 BAA staff engaged on commercial activities* (including secretarial staff)

Location	Fully engaged	Part engaged	Total
<i>Head Office</i>			
—Trading†	56	—	56
—Property	12	—	12
—Others	—	7	7
<i>Heathrow</i>			
—Commercial‡	24	36	60‡
—Property	30	5	35
—Car parks	18	2	20
<i>Gatwick</i>			
—Commercial‡	7	17	24
—Property	10	—	10
—Car parks	6	—	6
<i>Stansted</i>	1	8	9
<i>Scottish Airports HQ</i>	4	5	9
<i>Glasgow</i>	3	5	8
<i>Edinburgh</i>	—	11	11
<i>Prestwick</i>	3	12	15
<i>Aberdeen</i>	2	8	10
Total	176	116	292

Source: BAA.

*As defined in our terms of reference.

†As defined in paragraph 5.37.

‡Includes the property function in terminals where property and commercial functions are integrated.

12.2. About 40 per cent of the staff shown in the table are also engaged on other activities. BAA told us that for this reason it considered it impracticable to establish the exact number of staff hours spent on commercial activities (as defined in our terms of reference), particularly as the percentage of time many of them spent on other activities varied according to operational requirements: it was thus impracticable to establish meaningful productivity measures for commercial activities alone.

12.3. Two performance targets agreed with the Department of Transport for 1983-84 to 1985-86 are to reduce costs (at constant prices) per terminal passenger and to increase the number of terminal passengers per payroll hour. In

each case the target is to improve by 0.5 per cent per annum plus two-fifths of the passenger growth over the three-year period. Table 12.2 shows actual and projected achievements against these performance aims.

TABLE 12.2. Costs per passenger and passengers per payroll hour, 1982-83 to 1985-86

	<i>Costs per passenger*</i> £	<i>Passengers per payroll hour</i>
1982-83 (Base year)	4.87	2.60
1983-84 Target	4.73	2.68
1983-84 Actual	4.63	2.80
1984-85 Target	4.49	2.81
1984-85 Actual	4.31	3.12
1985-86 Target	4.36	2.86
1985-86 Projected	4.30	2.98

Source: BAA.

*At constant March 1985 prices.

12.4. The Corporate Plan includes a manpower plan with projections for five years, which represent assessments by line management of staffing needs based on traffic forecasts, likely changes in working practices and other developments. These estimates are also contained in each Airport Business Plan introduced in 1983 and compiled annually.

12.5. The current manpower forecast reflects expected increases as a result of the development of the new Heathrow Terminal 4 and Gatwick North Terminal, and the need seen by BAA to expand its Management Services function. Between 1985-86 and 1989-90 total staff numbers are forecast to grow by 6.8 per cent compared with a forecast traffic growth of 18 per cent. Details of these forecasts are shown in Appendix 12.1.

12.6. The Authority has a management development scheme for all non-industrial staff, the key elements of which are open performance appraisal incorporating personal targets, regular career counselling and succession planning.

12.7. The system of setting targets for individual managers was first introduced for the year 1983-84, and is seen as a management tool and a motivation for managers arising naturally from the preparation of the Business Plan. Wherever possible targets are set in financial terms relating to the BAA costs/revenues for which the manager is responsible. Other targets are set in terms of job content, eg 'complete all ... by end of the year'. Targets generally extend down to middle management for the purposes of the Business Plan but may be used at lower levels as part of the general system of personnel appraisal. Each target will be agreed between the individual concerned and the responsible higher level of management, and not normally made known to others.

Recruitment

12.8. When the filling of a vacancy has been approved by the appropriate senior officer details will normally be included on internal vacancy notices, unless

it is filled by the transfer of an individual who has been identified as suitable for the job through BAA's management development process. If the necessary expertise may not exist within BAA the vacancy is also advertised externally. Of the 56 staff currently employed in BAA's Trading Department, ten have been recruited from outside. The Authority told us that it has no difficulty in recruiting staff of the right calibre in this area.

Grading, salary structures and productivity scheme

12.9. All jobs below senior management within BAA are subject to centralised job evaluation schemes administered jointly with the trade unions. Current pay scales for non-industrial staff up to Band 1 are shown in Appendix 12.2. BAA has a total of 53 senior management staff who are on a separate unpublished salary structure above Band 1.

12.10. With effect from August 1977 the Authority agreed with its trade unions the introduction of a productivity scheme which allowed for payments of up to 10 per cent of salary based on the ratio of added value to employee costs. In the past three years payments have averaged between 9 and 10 per cent of basic pay.

Training

12.11. BAA's Central Training Branch has responsibility for the formation of policy for the development, education and training of staff. It also runs training courses open to candidates from the whole organisation. Over the five years to 1984-85 BAA has increased its total spending on training by 113 per cent, but expenditure on training trading and commercial staff has increased by over 130 per cent in the three years to 1984-85. An innovation in 1980 was the 'Managing for Productivity' programme. BAA said this succeeded in 'broadening [its] managers' understanding of human resource management and introducing ... a way of learning which not only makes line managers responsible for training but also involves them as trainers'. A number of further programmes have been developed to build on this base.

12.12. Another innovation, aimed at improving the overall effectiveness of BAA's service, has been the 'Please the Passenger' campaign. This is a video-based training programme, incorporating specially prepared publicity material, and until recently included the 'In search of gold' competition which offered a Mini Metro to the member of staff putting forward the best suggestion for improving standards of service to passengers.

Collective bargaining arrangements

12.13. Under the Airports Authority Act 1975, BAA has a duty to consult with appropriate trade unions and to establish and maintain machinery for 'the settlement by negotiation of terms and conditions of employment of persons employed by the BAA'. For this purpose the Authority recognises ten trade unions which represent industrial and non-industrial staff. BAA does not have trade union membership agreements but actively encourages staff to join an appropriate trade union. The present level of union membership in BAA is approximately 80 per cent.

12.14. BAA's machinery for negotiation and consultation is well established and operates at all levels throughout the organisation. It is shown in Appendix 12.3. In addition to the central committees and sub-committees there is a Scottish Airports Joint Committee and local bodies operating at each airport. The organisation for Heathrow is shown in Appendix 12.4.

12.15. All unions are represented on the central joint bodies. The Central Joint Council, chaired by BAA's Chairman, is a consultative committee. It meets at least once a year and discusses the Authority's Annual Report and Accounts. The Joint Negotiating and Consultative Committee, chaired by the Managing Director, is the final stage in the central negotiating machinery and in the grievance procedure. It meets at least twice a year.

12.16. Below this tier is the Joint Standing Committee which is essentially the 'working' level of the central machinery. Chaired by the Personnel Director it meets at least six times a year, and has constitutional authority to set up working parties to consider specific subjects in detail. Additionally it ratifies decisions of its four sub-committees. The Central Joint Council held two meetings during 1984-85 and there were 23 joint meetings of the other central negotiating and consultative committees.

12.17. The secretaries of the trade union sides of the committees for Heathrow, Gatwick and Scottish airports are engaged full-time on trade union duties. So also is the full-time trades union secretary to the central joint bodies, who is based at BAA's Head Office and is responsible for co-ordinating the trade union side's activities at central level.

12.18. Since the establishment of the joint machinery in 1966 BAA has, in agreement with the unions, extended lay representation as the Authority has developed its commitment to participation and employee involvement. The main effect of changes introduced in 1983 has been to increase the involvement of lay representatives in the decision-making process; in particular by the setting up of small, subject-orientated, joint working parties, which report back to the main committees.

Other communications

12.19. In addition to the formal and informal system for joint consultation, direct communication between managers and staff is emphasised in management training and increasing use is being made of video tapes for this purpose. Staff notices are distributed on a wide range of subjects, as are news releases and a house journal.

Industrial relations

12.20. There has been no industrial dispute involving BAA staff engaged on commercial activities. Staff in the Trading Department have co-operated in some fairly radical changes involving the introduction of new technology and improved working practices.

Conclusions

12.21. Although it has not been possible to apportion accurately the man-hours spent on commercial activities we have seen no evidence of over- or understaffing. We are satisfied that the downward pressure on staffing numbers stemming from performance targets has been effective. Our conclusion, necessarily based on subjective judgment, is that there is a high level of expertise and effectiveness among BAA's staff responsible for its commercial activities.

12.22. Recognising that insufficient emphasis had been given to its commercial activities BAA has in the last three years devoted considerable resources to training the trading and commercial staff involved. We hope that the Authority will be able to carry out an objective assessment of the effects of this training.

12.23. BAA has a satisfactory system through which its industrial relations are conducted and in our examination of its commercial activities we have been aware of a feeling of common purpose among staff at all levels.