

Net Zero, Energy and Transport Committee

11th Meeting, 2022 (Session 6), Tuesday, 29 March 2022

Evidence session on P&O staffing

Note by the clerk

Introduction

1. P&O Ferries is a UK-based company that operates ferries between Great Britain, the island of Ireland and continental Europe. This includes the line between Cairnryan, Dumfries and Galloway, and Larne in Northern Ireland. The Cairnryan-Larne service normally operates up to seven return trips daily using vessels European Causeway and European Highlander. P&O owns the ports of Cairnryan and Larne, through Larne Harbour Ltd.
2. P&O Ferries was bought by DP World in February 2019. DP World is a multinational logistics and transport company based in the United Arab Emirates.

17 March announcement by P&O

3. P&O Ferries announced on the morning of 17 March 2022 that it was making almost 800 seafaring staff, all its UK-based seafarers, redundant with immediate effect. Ships were ordered to stay in port and staff were escorted from their vessels by private security guards. Sacked crew members are being offered settlement agreements by P&O Ferries, with a reported total value of £36m.
4. Sacked crews are being replaced by staff employed through a number of marine recruitment agencies and employed on pay poorer than the staff they are replacing. P&O maintains that these changes were necessary other it could not have continued as a viable concern.

Response by NZET Committee

5. Following the announcement, the Convener of the Net Zero, Energy and Transport Committee [wrote to Peter Hebblethwaite](#), Chief Executive Officer of P&O Ferries and to [the Cabinet Secretary for Net Zero, Energy and Transport](#), expressing its serious concern over the announcement and posing a number of questions.

6. The Scottish Government's Transport Minister provided a reply on behalf of the Cabinet Secretary on 24 March (see annexe). The Committee has not received a reply from Mr Hebblethwaite, but he subsequently accepted an invitation from the Committee to provide evidence at the 29 March meeting on the 17 March announcement and on its consequences for former P&O seafarers in Scotland and for the Cairnryan-Larne line.
7. After the evidence session with Mr Hebblethwaite has concluded, the Committee will discuss the evidence it heard and any next steps.

Other information

8. Two House of Commons Committees held a joint evidence session on the P&O announcement on 23 March, at which Mr Hebblethwaite and others gave evidence. During the meeting Mr Hebblethwaite confirmed that P&O had broken employment law in the way in which it had sacked staff but said the changes had been necessary to secure the company's future.
9. The recording of the joint meeting is [available here](#) and the official report of the meeting will be available [via this page](#) in due course.
10. An exchange of correspondence between the UK Government and P&O following the 17 March announcement can be found [via this link](#).

Annexe

24 March letter from Jenny Gilruth MSP, Minister for Transport

Dear Convener

Thank you for your letter of 23 March to Michael Matheson MSP, Cabinet Secretary for Net Zero, Energy and Transport, regarding P&O's decision, announced on 17 March, to summarily make around 800 employees redundant and to cease its UK ferry operations whilst it inducts new agency employees. I am responding as Minister for Transport in the Scottish Government.

The decisions taken by P&O and the method of delivery have been met with dismay and disgust across Scotland. There are obvious concerns in relation to disruption to our supply chains with Northern Ireland. I hope this disruption will be short-term and I welcome the decision by Stena to introduce a third vessel on the route. In my view, Stena has reacted in a commendable manner.

The longer lasting impact will be the human cost felt by those who have lost their livelihoods. The Scottish Government was made aware by the UK Government at around 10am on 17 March of P&O's intentions to cease its UK operations temporarily. That did not include comment on the devastating news given to employees by P&O an hour or so later. To inform a loyal and hardworking workforce that it was being made redundant with no warning and effectively via a public broadcast is disgraceful.

You will be aware that the First Minister and I met with the P&O Chief Executive Peter Hebblethwaite later on 17 March when the First Minister spoke in the strongest terms about her unhappiness on the manner in which decisions had been taken by P&O including the method used in communicating the redundancies to staff. The First Minister said that staff had been treated appallingly and that P&O's behaviour reflected industrial practices which have no place in the modern workplace.

The avoidance of basic employment protocols, such as trade union engagement and workers' consultation is of great concern to the Scottish Government and completely at odds with the Fair Work principles which we expect all employers to apply. We believe that there must be meaningful dialogue between employers and employees and their trade unions, to ensure that employees are treated fairly. P&O's treatment of its workers offends the basic principle of Fair Work.

I also met with representatives of both the RMT and Nautilus on 22 March and they were clear that their objective remains to see P&O's decision reversed and the employees reinstated. The Scottish Government fully supports the Unions' position and I am pursuing an urgent discussion with the UK Government's Secretary of State to make that point. Employment law is in the reserved domain as far as Scotland is concerned and I have also asked the UK Government to be transparent with the legal advice it has received on P&O's actions. If, as is being reported, that P&O has broken UK employment law, then the UK Government needs to be clear on what action it now intends to pursue.

At Topical Questions in the Scottish Parliament on 22 March I made the point that P&O needs to change the manner in which they behave towards their employees or they will find it difficult to receive support in any form from this Scottish Government. I understand that the Committee is requesting that P&O attends a forthcoming session to provide evidence and I hope that the invite is accepted by the Company. I believe that P&O has a duty to all its workforce but especially those who have been made redundant to fully explain its actions.

The ferry services between Scotland and Northern Ireland are of strategic importance to both Countries and the wider UK. They are vital to facilitate food and other supply chains and they are vital for the employment opportunities which they provide, particularly to local communities where such skilled jobs can often be limited.

We understand that P&O intends to return to the route, potentially in the next week, and that the capacity it will offer once bedded-in will likely replicate what was in place before it ceased operations. We have seen that optimal capacity and frequency on the routes is crucial. If that transpires, then the disruption to supply chains will have been short-term. The longer-term damage to households, employment opportunities and community cohesion is more difficult to assess at this early stage. And with or without a reversal of the decisions which the Company announced last week, the reputational damage for P&O is likely to be sustained.