

Newsletter #3

Fighting for UK Jobs (Again)

26th May 2020



1 Update on Events

We apologise for the length of this newsletter, but it's important you take time to read and understand all the facts.

As we stated in our last communication, we had intended to produce some 'bitesize' articles outlining our perspective on various topics – starting with Health & Safety – but it has become necessary to update you about recent events.

Since the start of this crisis, we have negotiated several radical temporary changes in good faith, in order to try to protect the company and our employment.

Our confidence in a Company which (now) prides itself on its moral values has been sadly misplaced.

Not content with prematurely announcing thousands of redundancies whilst government support is still available, the senior 'leadership' of our Company decided it is a perfect time to exploit the current situation and pursue plans to attack terms and conditions – including our long-standing Union agreement on how to handle redundancies as well as one of the pensions schemes.

Not only is this blatant opportunism of the most disgraceful kind, it is unethical.

It is now clear the Company do not wish to negotiate with us. They have descended into transmit mode and are simply not listening. You may have noticed the repeated use of 'consultation' in their communications. The agreed definition of consultation is very different from their current approach. This amounts to nothing more than threats that unless we agree to their proposals (to immediately reduce voluntary severance terms) they will simply "impose" the government minimum.

Of course, this kind of intimidatory approach is completely at odds with the Company's Code of Conduct and to tear up long-standing collective agreements reached with the Trade Union is an insult to every single member.

Such a cynical move left us with no choice other than to raise a National Failure to Agree.

The timeline leading up to the submission of the Failure to Agree was as follows:

- 18th May: Meeting with Warren East and others (referenced in Newsletter 2)
- 20th May: The infamous Warren East BBC interview, announcing 9000 job losses whilst smirking on National TV.
- 21st May: First 'Civil' Restructuring Workstream meeting (slides at Appendix 1)
- 22nd May: First 'Reward' Workstream meeting at which they presented their intent to change everyone's terms and conditions
- 22nd May: Submission of a national Failure to Agree (Appendix 2)

2 Warren East Media Reports & Communications

Many members have made it clear that their trust and respect of Warren East CEO has been lost.

Even as early as 16th April, following Warren East's first video blog, the TU registered our objections to the contents - expressing the virtues of working from home - there was no mention or consideration to the dangers that were being faced by those that had to remain in work.

Remember - it was only because the Trade Union informed them that we were going to the press to expose unsafe practices in the workplace, with no social distancing or cleaning regimes in place, which senior leadership agreed to a shutdown.

3 Initial Civil Restructuring Workstream Meeting - 21st May

Simon Burr and Simon Carlisle started by thanking “everyone involved in these conversations”. This was a surprise as the Trade Union had not been engaged in any prior conversations. We had previously registered our expectations for the meeting – to address outstanding issues around furlough phase 2, to agree on the structure of the workstream and the information that would be required. Surprisingly the Company did not give us any indication that they intended to take a different approach to this initial meeting.

They claim their number one priority is to “take care of our people”. If that was the case, why are we having to argue to get the company to remove its latest guidelines allowing two-person interaction within 2 metres for 15 minutes? As stated in our last newsletter, we have not reached agreement as there is contradictory expert advice. If we cannot agree on this issue by the end of this week, we will issue our own guidelines for your safety in the workplace.

The content of the presentation tested our patience; whilst tempers boiled, we remained professional and stayed in the room to listen to them. We pointed out that their proposals contained huge inconsistencies with timing. Again, we have proof of this as all the above meeting points were captured in the minutes.

It was stated they want to “explore all options to mitigate job losses”. An interesting turn of phrase seeing as they have ripped up our national redundancy agreement which promotes mitigation opportunities.

They then told us they will be issuing S188 notices from the 28th May, whether we like it or not.

The follow-on communication from Chris Cholerton (22nd May) is also peppered with hollow and condescending soundbites such as “meaningful consultation with our TU” and “living our values and behaviours”, whilst at the same time thanking us for the impressive work which has allowed us to make progress on Civil business priorities and support for our customers - great examples of your team work and flexibility.

This meeting was simply an excuse for them to inform us of their intention. No consultation or negotiation took place.

To reiterate, throughout the whole process thus far, the Trade Union have entered into many discussions with the company in good faith to try to find a solution to some difficult issues. It is extremely disappointing that following an initial pretence of working together they have been planning to attack the terms and conditions of the UK workforce all along.

Following this meeting it was clear to us the company had no intention to consult and negotiate in good faith, therefore, we were left with no alternative other than to prepare a failure to agree for the reward meeting the following day.

4 Initial Reward Workstream Meeting - 22nd May.

The company provided more detail following the farce the day before. The pertinent points from that meeting can be summarised as:

- They gave 3 months’ notice of the removal of existing redundancy agreement payment terms, then moments later contradicted themselves by imposing immediate changes.
- With total disregard for good industrial relations, they threatened that if we didn’t agree to their changes the default position would become statutory minimum payments only.

- Confirmed they will undertake a strategic review of the Defined Benefit Pension Scheme. We should all know what that means.
- Presented a draft proposal for a complicated pension bridging scheme that could occur once people have left on voluntary severance. They confirmed that the pension trustees are yet to agree to this.
- Presented their view of the voluntary severance process flow (Appendix 3).
- Their final slide showed their intent to impose changes to reward and benefits. (Appendix 4)

The presentation lasted an hour and a half. Our only response was to read out our Failure to Agree.

5 Furlough

You would think the Company would jump at the chance to buy some time to fully understand the impact on the market, as well as hold proper, meaningful discussions with the Trade Union. So why isn't the Company maximising furlough opportunities through the government's Job Retention Scheme?

Simple. Because they are obsessed with enforcing job reductions and attacks on our terms and conditions, whilst promoting the illusion of pace.

6 Shift Changes

We have had no discussions concerning the escalation of the criteria for shift changes and any associated impact on pay. If we reach agreement, we will communicate accordingly. Until then the only changes to your shift arrangements will be by applying your existing shift protections and pay agreements.

7 What Happens Next

As previously stated, we recognise the global effect upon our industry and acknowledge there are going to be job reductions, but it is how we deal with these reductions that are important by treating everybody with dignity and respect by upholding our redundancy agreement. But also attacking long-standing agreements and terms and conditions, is disgraceful opportunism, unrelated to a downturn in workload and simply immoral.

Over the weekend a Failure to Agree meeting has been arranged between the Trade Union and the Company to be held on Wednesday 27th May. We sincerely hope it will restart meaningful negotiations, but you will be forgiven for remaining sceptical.

We will communicate the outcome of the meeting as soon as we can.

The company appear hellbent on disproportionately slashing the UK workforce and British Jobs.

We must reiterate the intent to reduce the voluntary severance payment terms – with the underlying threat of resorting to the legal minimum. But they're not stopping there. They are also planning to attack the terms and conditions of those that stay in the Company.

If we don't take a stand and fight this, and the Company gets its way, every single employee (if they stay or leave) will suffer.

We have said all along that there should be 'equal hurt' – works, staff and managers including those at the top of the company, in the UK and our facilities globally.

Please be assured that we do not wish to be in dispute with the Company - but if their actions continue to be disproportionate and unreasonable, we will do whatever it takes to fight for our members interests and protect your future.

Stay strong and please remember the only source of fact and truth is via these newsletters.

All our communications can be seen using the following Link:

<https://unitetheunion.org/campaigns/rolls-royce-play-your-part-in-rebuilding-our-economy-dont-slash-jobs/>



Thank you for your continued support.

Steve Hibbert
Tam Mitchell
Ian Bestwick
Mahf Khan

Ian Wilson
Mark Porter
Steve Jones
Stuart Hedley

Appendix 1 – Civil Workstream Meeting



Voluntary Severance

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Principles

- We propose to open a Voluntary Severance Programme to all employees in Civil Aerospace from 27th May through to 10th June
- We will accept as many applications as possible to maximise our position, but we need to be mindful in exceptional circumstances that we retain the right capability
- We are proposing some changes to the immediate package offered and wish to consult on this tomorrow (22nd) via the reward workstream, including;
 - Any severance lump sum payable will be based on a weekly pay cap applicable since April 2019 of £743 i.e. 2020 indexation not applied.
 - Early acceptance supplements will not be payable.
 - Holiday payments will be calculated based upon holiday accrued at date of leaving.
 - Payment based on salary at point of exit, ending practice of reviewing previous service for part time employees (if gross weekly pay is less than the salary cap) and calculating the previous years of full time service at full rate rather than pro-rate.
 - Discuss phasing of voluntary severance payments
- We are seeking agreement to start making offers as soon as possible
- The first exit date for redundancy is proposed as 14th July (46th day)



Our Arrangements - What we need to do differently?

Including Force Majeure to the Heads of Agreement Civil job protection

**subject to some affordability changes

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- The pace and shape of our response to protect cash, control cost and protect roles means we will need to do things differently.
- This includes looking at some of our existing arrangements and making changes.
- These arrangements are costly, excessive when compared to statutory requirements and detail services that are not sustainable in these exceptional circumstances.
- Arrangements such as a minimum 90-day consultation period, full-time access to the RCP for 8-weeks and our severance arrangements are unsustainable.
- We are therefore informing you today of some immediate action we need to take.
- **Our Corporate Severance Arrangements**
 - It is our intention to change the Corporate Severance Arrangements.
 - As a key UK policy we will inform and consult.
 - We are looking to reach an alternative offering with employee representatives.
 - Current calculation arrangements** would apply to initial voluntary severance programme thereafter newly agreed arrangements would apply.
- **Our Redundancy & Redeployment Arrangements:**
 - We will be giving 3-months notice to end some of our existing agreements and memorandums of understanding.
 - Where these reference minimum 90-day consultation period, full-time access to the RCP for 8-weeks, selection criteria, pooling and our severance arrangements.
 - We want to work with employee representatives to reach agreement quickly on alternative arrangements to apply as part of broader discussion to also cover severance arrangements.
- In the absence of an agreement being reached our default would be statutory redundancy arrangements and terms.



Summary of position

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1. We cannot work to a 90 day minimum timeframe for compulsory exits. We will consult for a minimum of 45 days, and this does not mean we will exit everyone on the 46th day.
2. We will open VS on 27th May – next slide
3. We will be issuing a HR1/S188 on 28th May for some areas impacted across the UK. These will be issued by Business/site to the relevant constituencies.
4. Selection criteria will be reviewed where we have a strong weighting on length of service in order to balance future capability.
5. We will not be able to provide employees with 8 weeks full time access in the RCP upon being served notice of redundancy, but will look at alternative outplacement options.
6. We will start consultation on a raft of reward/benefit arrangements including our contractual and collective agreements. We will commence consultation on a strategic review of the DB pension scheme.

Appendix 2 – Failure to Agree

Andrew,

This email provides formal written notice of the National Failure to Agree verbally registered at the Reward Workstream meeting dated 22nd May.

The National Negotiation Trade Union Group on behalf of the UK Trade Union Bargaining Groups give notice of a National Failure to Agree.

Terms of Reference for the Failure to Agree are as follows;

- Vote of no Confidence in Warren East CEO of Rolls Royce
- The Company's disproportionate attack on British Jobs
- Serving Notice and imposing changes on existing National/Local Trade Union Redundancy and Restructuring Agreements
- Serving Notice to a raft of Reward/Benefit arrangements and Collective Agreements

We request a Failure to Agree meeting to be held no later than midday on Wednesday the 27th May 2020. Failure to meet this deadline will result in the exhaustion of the avoidance of disputes procedure, accordingly the status quo must be observed and we will commence proceedings to initiate a National Industrial Ballot of our membership.

All participation by the Trade Union in Workstream activity ceases, the only exception is the H&S Workstream as our members Safety cannot be compromised.

We await your response

Steve Hibbert	Ian Wilson
Tam Mitchell	Mark Porter
Ian Bestwick	Steve Jones
Mahf Khan	Stuart Hedley

Appendix 3 – Proposed VS Process



Voluntary Severance Process Flow

Date	Action
28 May	Open voluntary severance in Civil
28 May – 11 Jun	<p>Employees can access information and modelling to make informed decision on application for VS, including:</p> <ul style="list-style-type: none"> • Confirmation of the overall value of their VS • Confirmation of their standard pension options, including a guaranteed transfer value • Generic information and education about a bridging pension option, which will only provide potentially upside to the core benefits
11 Jun	Voluntary severance closes
15-16 Jun	Applications reviewed and final decisions made
From 17 Jun	VS offer consultation and conversions.
14 July	First VS exits. VS accepts exit and receive up to £30K tax free lump sum.
14 Jul – Nov	RRUKPF members over 50/55 only will have exited with >£30K VS payment receipt paused until they have received financial advice. Once advice received they can still choose to take as cash or to opt for pension contribution options.

Appendix 4 – Attack on Terms & Conditions



Reward & Benefits Consultation

- Reward workstream agree design principles
- One solution won't fit all. Aim to create a suite of arrangements with a common core.
- Subgroups will be created to focus discussion.
- Decisions brought back to main group

