

## Newsletter #7 - Update



### Fighting for UK Jobs (Again)

6<sup>th</sup> August 2020

#### 1 Update

Yet again we have a lot of information to communicate, so apologies for the length of this newsletter.

Rolls-Royce has confirmed it intends to repay the Scottish government, after using public money for development of the MRO workforce at Inchinnan, equating to nearly £1.6 million pounds, having now decided to close that part of the facility in favour of MRO bases around the world. The question remains how much and how long it will take RR to do the right thing and pay back the UK government?

Whilst still on the subject of money, we are keen to understand Mr Holt's perspective on 1500 of our furloughed colleagues who were paid incorrectly – many of whom also left the Company. Right first time? Treated with dignity and respect? All ringing a bit hollow now, Harry.

We immediately raised the issue with the Company, and they are attempting to rectify the errors as well as communicating with the affected individuals. This once again demonstrates that the Company does not have the infrastructure to deliver on its self-imposed timescales, we have told them time and again that they are unreasonable and likely to fail, only to be told repeatedly by the Company that they can deliver.

#### 2 Peoples Champion

As part of recent Company communications, we had the first public showing of the Company's 'People Champions' - appointed by the board, from the board. Notwithstanding our bewilderment about what they actually do, *where have they been for last five months?*

For your information, Irene Dorner has been a non-executive director of Rolls-Royce since July 2015. In 2017 she was given the additional responsibility of presenting 'the voice of the worker' in the boardroom and receives an additional £15,000 for this role.

She is a qualified barrister and has spent most of her career with HSBC, finishing as CEO and President of HSBC in the United States before she retired in 2014. She holds a number of board positions at other companies including most interestingly the chair of 'Control Risks'.

Control Risks are a secretive private UK company providing "Political and Security Risk Investigation Services". They were hired by Crossrail in 2013 to challenge Unite's campaign

to reinstate a Senior Steward who was targeted by Crossrail for Trade Union activities and defending the health and safety rights of union members.

In summary, Rolls-Royce is employing someone who is the chairperson of a business known to be involved in anti-Union activities, in the position of a 'Peoples Champion'.

### **3 Furlough Phase 3**

The terms of Phase 3 and associated Q&A's are identified in Appendix 1, but we draw your attention to the following points relevant to Civil Employees:

- Shift Changes – a standard 4 weeks' notice/protection period
- The option of 'wind down' is suspended until 2022

We previously reported the utilisation of furlough has been extremely poor, not only in failing to maximise the support to prevent job losses (the whole purpose of the scheme) but also doesn't demonstrate a fair and equal impact across management, staff and works.

In some cases, there has also been a serious lack of rotation, which has had a huge impact on some colleagues in terms of mental health and financial hardship. We are still waiting for the Company to agree a monitor-and-review process on a fair and equitable application of furlough, which has been a principle for the TU from the start, but alas missing from Company communications.

The Company seem to be more concerned about working from home following the latest announcement to some within Civil from Sarah Armstrong. We have fundamental concerns about this as it was not discussed with the national TU. We will seek to engage with the company and provide more details in our next newsletter.

### **4 Headcount Reductions**

The Company are now in the ridiculous situation where they could be placing around 300 people at high risk of compulsory redundancy, whilst we still have around 150 volunteers who wish to leave the business who have either been rejected or are still waiting to receive an offer of acceptance or rejection. Again, this is as a result of the Company working to its own self-imposed and unachievable timescales.

Once again we need to inform you of the HR1/S.188 debacle. Despite it being a legal requirement, some site representatives never actually received the information for their site. Even more ludicrous is the fact that some people named on the legal documentation had actually left the business the day before it was issued. Right first time?

Following intensive negotiations we believed we had reached agreement in principle on the framework of a complete deal also referred to previously as the 'package' but once again after the negotiations had been concluded, we find the company's underhanded tactics at work again, despite reaching specific agreement on the monetary value of run down payments we find at Inchinnan our MRO colleagues have not only been kicked in the teeth

but now the company are putting the boot in when they are down and trying to reduce the agreed value of what has been agreed, this is totally unacceptable.

We have also learnt this week that the company are delaying VS application leaving dates for some to allow for training, but what was never discussed or agreed is that they would reduce the individuals paid notice periods. After raising this issue with the Company their failure to rectify the situation further erodes the relationship.

We now find ourselves back in the position of having to potentially raise another National FTA to try to resolve multiple issues.

Notwithstanding the contents of the last FTA, in which the COVID Redundancy Agreement and Terms for Ross Ceramics were taken offline with an agreed way forward, we are still waiting for this solution to be implemented. We are making it clear to the Company that until the Ross Ceramics issue is resolved, there will be no further talks on the Company Package.

## **5 Strategic Meeting**

Many of you have been asking about the impact on the future of individual sites. Despite several promises and false starts, once again we are having to report that there is no progress from the Company on this extremely important issue and we have still not been given any further details on this subject. However, it seems there have been several discussions between managers and employees taking place at some sites concerning employee holidays and shutdowns.

We registered this point with the Company at a national level over two weeks ago, asking what the Company proposals are. The only feedback given to date is they are 'in discussions' and they have still not reached any conclusions. As usual those discussions are amongst themselves.

We have reiterated to the Company that until they come clean on their strategic footprint review, we will not be entering into any discussion's regarding the closure of the DB pension fund and therefore we will be conducting our own review of our position on 'the package'.

The Company are matching employees based on previously agreed skill sets (38 in works population and the jobs within the 7 primary capabilities in engineering) asking them to transfer to other sites (in some cases hundreds of miles) only for them to find they have moved from the frying pan into the fire. This is ludicrous and does not fit with the Company narrative of treating us all with dignity and respect. Equally outrageous is for the Company to be sacking some apprentices whilst pontificating the virtues of being a good employer.

In the immortal words of that fine trade unionist Ricky Tomlinson – *“Dignity, respect and transparency? My @rse!”*

## 6 Pensions

We received a number of complaints from people leaving the company about the withholding of parts of their VS payments (anything over £30k), until after they had received independent financial advice. This was to allow them time to consider the Bridging Pension Option (BPO), which for legal reasons can only be done before any payments are made. Unfortunately, this default position was not made clear prior to anyone leaving the company.

A large number of people stated they were not interested in the BPO, therefore, following discussions with the company a process has been launched whereby individuals can log on to the pension website, read all the information and then if they are still of the opinion the BPO is not for them, they can complete and sign a waiver form, which will then release the additional VS payments via the next payroll. It will also be possible to divert the excess VS into an AVC by completing the form on the website. For further information see Appendices 2.

Last Friday many of you would have seen the Company communications on the DB scheme. All affected employees will receive a letter concerning individual 60-day consultation. But this is not really consultation - the Company have already made their mind up and they see it as just a legal tick-box process they must go through.

Meaningful Consultation is supposed to be two way. The TU body that represents everyone for pensions issues (the Central Negotiating Committee – CNC) has yet to meet with the Company for the reasons explained in the Appendices 3 and 4.

As explained earlier, they have reneged on the agreed principle that we would have a strategic restructuring (Phase two) meeting; it was removed from our diaries and to date has not been rescheduled. They are now ignoring us.

As many of you are aware, we have battled to protect and improve our pension schemes over the last 20 years or so and we recognise the current situation we now find ourselves in. Some changes are inevitable, but as with most things it's how we deal with it that is important.

We will not just allow the Company to rip it away from us with nothing in return, especially when they intend to simply pocket the £145m loan agreed in 2018 to assist the Company finances at that time – conveniently claiming that we are now in a 'force majeure'.

Interestingly no force majeure was enacted within Services with 3<sup>rd</sup> party providers to support Inchinnan maintaining its MRO capability going forward or other Services work to support other sites. Yet again another example of double standards.

It is also noteworthy that Joel Griffin (Director of Reward) has openly stated "*We're not comfortable continuing with a two-tier pension arrangement*" - yet the same person appears totally comfortable in trying to impose two-tier pay rates from 2022 for future employees.

We have yet to enter into discussions on the company proposals or indeed present any counteroffer which could include protections going forward and an improved DC scheme **for all**.

## **7 Apprentices**

Most of our apprentices have been furloughed from the beginning and received 100% of their monthly pay due to the underpin guarantee negotiated by the TU.

We have had approximately 60 apprentices who have come off furlough for various reasons, we now need to address all apprentices to assist in getting them back into work to complete their training. Please do everything to assist with this if you can.

A national priority plan is being put together:

- Getting 2020 final year apprentices back into work
- With the reopening of colleges, plans are ongoing for 1<sup>st</sup> years into college/LDC apprentices coming back from furlough by October
- Develop plans for the rest of the apprentices across the entire business
- Review the timing of a greatly reduced 2020 intake for Bristol & Derby

New apprentice candidates who were due to start their apprenticeship in 2020 and had their 2020 offer retracted, will be asked if they wish to be kept on file for future communication and the potential of an offer for September 2021.

We are also confident we will be able to address securing training slots for the Inchinnan MRO apprentices, either internally or externally, including providing a relocation payment of £5,000 as displaced employees.

Although the Inchinnan MRO 1st year apprentices have been placed into the Compressors business to finish their training program after pressure was applied by the TU, unfortunately the 2nd year apprentices never got offered the same opportunity. The Company organised external employers or other RR sites to take over the rest of the training for these young people.

You are reminded that Harry Holt had committed to the negotiating team that **all** apprentices would finish their apprenticeship programs with RR - as did Warren East to the Inchinnan MP.

In addition, the TU also negotiated that the apprentices will receive 8 weeks' notice pay and access to the virtual resource centre on the completion of their apprenticeship and the option of training extensions, where a temporary role exists – however, this may not lead to a substantive position.

We have also been asked a number questions about apprentice staged payments - please see Appendix 5 for further information on this subject.

## 8 Health & Safety

Recently the company has carried out 6 COVID site audits, these have been done by the independent HSE team within GBS in order to check compliance to the new COVID measures introduced across the sites in order to reduce the risk to our employees. The findings of these initial audits appear to show a good level of adherence to the new measures put in place, with one or two areas of best practice observed that can be rolled out as improvements on other sites/ business.

We have now requested that these audits be extended to all sites and continued for the foreseeable future, whilst the pandemic remains ongoing, like the company we remain concerned as lockdown restrictions are eased people's concentration may lapse along with adherence to social distancing.

The latest figures from the government should serve as a reminder that the virus has not gone away and continued adherence to all safety measures put in place need to be observed, we have also started the conversation with the company about preparation for a second wave should it occur.

Remember, the only source of truth is through these newsletters.

Thank you for your continued support.

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

### **Furlough Phase Three Payment Terms:**

- 70% of your normal pay (base pay/AIR)
- For shift workers, normal pay is defined as your base pay/AIR inclusive of shift pay
- No individuals pay will fall below the Government Scheme minimum of 80% of wage costs up to a maximum of £2,500 per month (You will be advised if this underpin applies to you)
- Pension payments & redundancy payments on normal salary
- Holidays can be booked and taken whilst on furlough.

A copy of the company's FAQ can be found by copying and pasting the following link into your internet browser:

[https://rrcivil.newsweaver.com/icfiles/1/87023/242650/6404273/2cdb88d5832cbde5edc69fff/covid-19%20faqs\\_civilaerospaceuk\\_29072020.pdf](https://rrcivil.newsweaver.com/icfiles/1/87023/242650/6404273/2cdb88d5832cbde5edc69fff/covid-19%20faqs_civilaerospaceuk_29072020.pdf)

## Appendix 2

### **Bridging Pension Options – Company Email**

#### **Your Retirement Choices**

Further to our earlier e-mail, we can confirm that you can now select your retirement options on the [Pension Website](#). We're sorry this has been delivered later than we originally advised but you should now have everything you need to select your options.

As previously advised, there is no hurry to make your choice; you have up to 3 months after your leaving date to do this so please take your time and, if you have not already done so, talk to WPS Advisory or your own financial adviser. If you decide to take retirement benefits from the RRUKPF you do not have to take advice but we strongly recommend that you do as this will help you to make the right choice for you. If you are planning on transferring your benefits then, by law, you have to engage with a regulated financial adviser such as WPS Advisory.

#### **Bridging Pension Option & Your Deferred Voluntary Severance Amount**

As you are aware, part of your VS package was deferred to allow you to consider a Bridging Pension Option. You now have the following choices.

- You can request that this amount is paid to you now
- You can keep this deferred

Requesting Payment of your Deferred VS now – this should be selected if you have definitely decided that a Bridging Pension Option is not for you. You can do this even if you are still considering the other retirement options but once you request payment of the deferred VS amount you will no longer be able to take a bridging pension option. To request this please click on this [link](#) and follow the on-line instructions. This process will also tell you how you can pay this as an AVC if you want to do this. If you do request payment of your deferred VS, it will be paid through the Company Payroll; requests made by midnight on the 10<sup>th</sup> of the month will be processed in that month's payroll run; requests after the 10<sup>th</sup> will be processed in the following pay period.

Keeping the balance of your VS deferred – if you are still considering the Bridging Pension Option you do not need to do anything. If you do select a Bridging Pension Option, the balance will be used to provide this additional temporary pension. If you decide to select a different option, the balance will automatically be paid to you when you choose your option on-line via the Your Choices at Retirement.

#### **Rolls-Royce Pensions**

### Appendix 3

*Email Communication from the Company, dated 21<sup>st</sup> July 2020:*

Dear Tam

Strategic Review of the Rolls-Royce UK Pension Fund (RRUKPF)

Following our announcement on Friday 22 May 2020 of our intention to conduct a strategic review of future benefits for employees who are active members of RRUKPF, I am very mindful of the provisions in the memorandums of understanding between the Company and the CNC, in particular: • Clause 5 of the “Consolidation of the Rolls-Royce UK Pension Schemes and associated benefit improvements 2016” MoU dated 19 October 2016 and • Clause 3.1.6 of the “UK Total Reward - Pensions (CNC) – 2018” MoU dated 4 May 2018.

These clauses set out the circumstances in which we would need to revisit the commitments made at the time around keeping the RRUKPF open for current active members. The purpose of this letter is to confirm that, unfortunately, we consider that the terms of these provisions have now been met. The global impact of the COVID-19 pandemic on Rolls-Royce and the whole aviation industry has been dramatic, leading us to take urgent action to protect our future. This has included: increasing our borrowing facilities by over £4 billion to protect our liquidity, dramatically reducing our spending, and cancelling the dividend due to shareholders in 2020 (for the first time in 25 years).

Despite these measures, our cash outflow in the first half of this year was approximately £3 billion, and it is clear that activity in the commercial aerospace market will take several years to return to the levels seen at the beginning of 2020. Consequently, we have already announced £1.3bn worth of annualised cost savings (included in our July trading update) and, sadly, the loss of over 9,000 jobs worldwide.

The pandemic is clearly an extreme and exceptional event which is beyond our control, and it has had a material impact on us. That is why we are consulting now to close the RRUKPF by the end of 2020, as part of a wide range of urgent measures to help protect our future. Each year of additional pension accrual increases liabilities on the Group’s balance sheet which our credit rating agencies view as extra debt. This is a headwind for us recovering our investment grade credit rating.

As you know, this consultation brings forward a process that was expected to take place in 2023, as the ongoing cost of future additional benefits for RRUKPF active members (30.3% of salaries as at 31 March 2017) has continued to increase due to reasons outside of our control.

Over the past month we have made several attempts to meet with CNC representatives to specifically discuss the pension consultation process, but each meeting has been cancelled by the CNC representatives. For the reasons outlined above, we plan to start a statutory 60-day individual consultation no later than 31 July 2020. Please let me know before 27 July if the CNC wishes to discuss the issues in this letter regarding the 2016 and 2018 MoU

provisions. We intend to write to the RRUKEPF Trustee on Tuesday 28th July 2020 to notify them formally of the intention to start the statutory consultation.

Finally, it's important to stress that starting the statutory 60 day individual consultation is a necessary step in the overall process, and we remain committed to working constructively with the CNC during this difficult time. I hope we can agree some mutually convenient meetings to support the consultation over the coming months. In the meantime, please also be reassured that we remain focussed on ensuring that the RRUKEPF remains well funded. We will continue to support the Trustee in the future strategy of the RRUKEPF to make sure that the pensions our employees and former employees have already built up are delivered to them.

## Appendix 4

*Email Communication from Tam Mitchell - CNC Chair – 23<sup>rd</sup> July 2020:*

Dear Joel,

Thank you for your letter dated 21<sup>st</sup> July 2020 entitled '**Strategic Review of the Rolls Royce UK Pension Fund (RRUKPF)**'.

The Trade Union is fully aware of the current situation that the company and our members find themselves in as a result of the Covid 19 crisis. Whilst we understand the importance of the pension fund and the company's position, you will recognise that the primary focus for the trade union at this present time is the protection of employment for the members we represent.

In addition you will also understand that the Trade Union cannot draw upon the same resources, unlike the company who have a vast army, to deal with the all the issues that we are currently facing at the same time.

The contents of your letter appear to suggest that the Trade Union have been deliberately holding up discussion and preventing the launch of a formal consultation process regarding the pension fund. However, unfortunately your letter fails to acknowledge a number of points.

Firstly, the company questioned the constitutional and negotiating rights of the CNC and its obligation to ballot the membership on changes to the Pension Scheme; this was subsequently discussed and clarified at a meeting on the 9<sup>th</sup> July 2020, with a small group of stakeholders.

During the course of these discussions it was made clear that the CNC did not intend to ballot on the issue of determining if a Force Majeure event had occurred in accordance with the provisions of the total reward agreement. Nonetheless the CNC's position was clearly articulated that the CNC maintained the right to negotiate the 'terms of closure' e.g. Augmentation of future accrual with the early closure of the scheme, share of fund, transition to the DC scheme and any improvements to the DC scheme benefits.

But perhaps more importantly there were two fundamental actions that arose from those discussions on the 9<sup>th</sup> July 2020, which you were party to, the first of which was clarifying the position which the TU have maintained all the way through and was part of the agreed national package.

- To provide comprehensive details of the strategic footprint review and associated phase 2 headcount reductions planned by the company before any pension's discussion were commenced.
- To formally capture the mutual understanding of the scope of what the CNC can and cannot negotiate and the terms of any ballot of the membership that may be undertaken.

To date neither of these two actions has been completed by the company and we are still waiting for the meeting to be set up for the footprint review.

Please note that until these actions have been completed the TU's position has not changed, therefore, we would suggest that these actions are completed before the 28<sup>th</sup> July 2020 in order to allow the CNC to meet your self-imposed timescale.

## **Appendix 5**

### **Apprentices**

#### **Will I still receive my stage payments?**

Apprentices will be paid their stage payments on completion of the normal requirements for each stage. The date of the stage payment may depend on your intake year, the length of time you are furloughed and/or on a funding break.

For pre 2018 intakes if you have submitted work to be assessed prior to being placed on furlough that takes you beyond 75% completion, this will be backdated in line with existing guidelines. If the work you have submitted requires re-work and re-submission following your return to work from furlough, it will be assessed and the effective date of your stage payment will be put back reflecting the length of time you were furloughed and/or on a funding break.

If you are in the 2018 or 2019 intake and meet the requirements for your stage payment, the length of time you are furloughed and/or on a funding break will be added onto the 1<sup>st</sup> September for the date of your stage payment. If you fail to meet the criteria in the time required, you will be eligible to re-apply on a rolling 3 months cycle post this date as per the normal process.