



Fighting for UK Jobs (Again)

14th October 2020

1 Update

The National TU Group was informed there have been several ethics complaints raised as a result of our newsletters. It is never our intention to cause offense - and if we have, we apologise - but we will not apologise for stating facts and our honest assessment of any given situation.

Throughout this crisis we have highlighted several occasions where we believe the Company has acted unethically, opportunistically and made incorrect or poor decisions. We see it as a fundamental part of our role to continue to highlight this hypocrisy wherever necessary.

You may have seen various press reports talking about the Company exploring ways of raising further finance to underpin the company's equity position and see us through these difficult times – such as share rights issues, government bonds, disposals (selling parts of the business), etc. The National TU Group have had no part in these discussions or announcements, however we will continue to monitor the situation and support where appropriate.

2 Pensions

The Pensions Central Negotiating Committee ((CNC) - the TU body responsible for pension consultations and negotiations) have issued a joint communication with the Company on the 5th October 2020.

The communication strongly recommends the use of a company called Workplace Solutions Advisory (WPSA). The National TU Group fully support the Pensions CNC and the use of WPSA. Please see Appendix 1 on the WPSA fee structure.

The statutory 60 days individual consultation process, which was unilaterally initiated by the Company, has now closed. However, consultation discussions are still ongoing with the Pensions CNC and further meetings have been arranged.

The Company have already agreed to the following proposals (subject to Trustee agreement):

- Pre 97 contingency pension increases guaranteed up to March 31st 2024
- Bridging Pension Option maintained
- Partial Transfer Option
- Unreduced Benefit underpin for Death in Service/Medical Early Retirement (MER) until 31st December 2023
- The Trustee and Company have agreed to guarantee that a Share of Fund Transfer Value (SoFTV) - calculated as at 31 December 2020 - will be available for eligible members who leave employment on or before 31 March 2021

Some progress has also been made on:

- Members leaving on voluntary severance (VS) or compulsory redundancy (CR) in 2020 are included in future enhancements. The Company will discuss with the Trustee any members leaving on VS or CR in 2021.

To date no progress has been made on:

- Improving the terms of the Rolls-Royce Retirement Savings Trust, Defined Contribution (DC) arrangements.

The Pensions CNC have told the Company that in future discussions the priorities are:

- An improved structure of the Defined Contribution (DC) Scheme for all employees and minimising the effect on the expected retirement savings for members in the Rolls-Royce UK Pension Fund, Defined Benefit (DB) pension scheme. That is why it is vital to have the correct structure for the future DC scheme.
- A 5% uplift on DB pension built up to December 31st 2020 (Works & Staff employees only). The Pensions CNC is asking for parity with what our management DB members received in January 2020.
- Early retirement factors protected – Employed members post 31st December 2020 to be classed as “Active Deferred” and apply appropriate “with consent retirement factors” on retiring from active service post closure. The Pensions CNC is again simply asking for parity.
- Share of Fund Transfer Values [SOFTVs] maintained from age 50 or 55 as per rules of legacy schemes and transferable to alternative DC arrangement whilst remaining an “Active Deferred”.

The Pensions CNC completely agrees with the Director for Total Reward that there should not be a two-tier system.

3 Strategic Review

Several meetings have taken place. The first three discussed the communications already announced with the half year results, which are now under local consultation. As a reminder:

- Proposed closure of the plant at Crosspointe (USA). Work would come back to the UK - Rotatives (Discs) to transfer to Washington (UK) and Turbines (Blades) to transfer to Derby.
- Proposed closure of the plant at Annesley. Work would transfer to Discs and Drums in Derby and Oberursel (Germany)
- Proposal to cease large engine build in SATU (Singapore) with the work transferred to Derby
- Proposed consolidation of Wide Core Fan blades with the transfer of Trent XWB blades moving from Barnoldswick to Seletar (Singapore).

Please note the National TU Group (Civil) sub-committee have been made to sign a Non-Disclosure Agreement (NDA) regarding the discussion of proposals beyond those already announced and we are therefore unable to communicate any further on these issues at this time.

We would specifically like to highlight the current situation at Barnoldswick. Following the company's latest betrayal of the workforce (after 5 years of constant downsizing with over 50% of the workforce gone, many broken promises, failure to bring in replacement work for that offloaded and even changing terms and conditions) the membership feel they are left with no other course of action other than to ballot for industrial action in order to try to protect jobs. The company's continued reductions of the manual workforce only serves to place more financial pressure on what is left and makes the site less competitive with every decision they take.

The National TU Group are fully supportive of the Barnoldswick workforce in their struggle and support their request for financial assistance from the Rolls Royce dispute fund, in the event it becomes necessary. See Appendix 2 for more details on the Barnoldswick campaign.

4 End of Furlough Phase 3

There are ongoing issues with salary in relation to furlough payments. The National TU Group have requested a meeting with the Company to try to address these concerns.

Last month the government announced its latest plan to try to protect jobs from the end of October when the current furlough scheme comes to an end. Although the government reiterated that furlough was ending, it also announced the Job Support Scheme (JSS) to support viable UK employers who face lower demand due to COVID-19 and retain their employees.

We have this week met with the Company to explore how we best utilise any support that is available to try to protect jobs. It is important to note that the rules surrounding the JSS are not the same as furlough and at present are not entirely clear.

This discussion will also include:

- Understand future load demand
- Shorter working week/reduced hours working
- Working from Home
- Flexible working
- Holidays/shutdowns
- Rotation
- Additional Hours

These discussions may result in having to take further difficult decisions on a temporary basis to support the current financial status of the Company and protect long term employment. There may be a suite of options that may apply differently across the business.

If we can reach agreement on any of these issues, then we will provide further updates in due course all of which will be covered by the temporary collective agreement which we informed you of in Newsletter #8. Please note any changes that are to be applied beyond March 2021 will require agreement via a ballot of affected members.

5 Health & Safety

As track, trace and testing becomes more widespread we are seeing an increasing number of employees with positive test results.

The Company have issued updated guidance for managers on how to deal with positive cases within the workplace. We will review this new guidance and will provide feedback to the Company on its contents.

Irrespective of this guidance one important aspect that has been not been addressed (which the National TU Group raised a number of weeks ago) is the financial inequality of how employees are treated for those unable to work from home whilst self-isolating, the majority of which are shift workers who under Covid-19 self-isolating rules who lose their shift premium.

We do not want any financial impact to be a barrier to people self-isolating thus placing other employees at increased risk and the possibility of workplace shutdowns.

Following the last newsletter, we continue to remain concerned and remind everyone that it is imperative we maintain adherence to social distancing and compliance to all safety measures put in place.

Finally, remember that the only source of truth is through these newsletters and we thank you for your continued support.

All previous newsletters can be found at 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

Approved Independent Financial Advisor Charges

The cost of the advice that's been negotiated with WPSA is currently £500 plus VAT for providing a written personal advice report, plus an additional £125 plus VAT to implement a transfer out of the Fund and establish your benefits in an arrangement to suit your personal circumstances (e.g. annuity or a drawdown arrangement).

However, WPS may charge additional fees over and above the negotiated cost as detailed above where your circumstances are more complex, for example where you have a complex tax situation; have lifetime allowance issues or have specific drawdown requirements. Any such request is individually priced and WPSA will clarify the fee **before** undertaking any such work. All fees are charged on a fixed fee basis rather than commission to ensure transparency.

There are certain more complex member circumstances which are more common to our Fund members and these are summarised below with a price range to give clarity on cost.

- Advice for a Defined Benefit (DB) Pension scheme (non-RR) – ranges from £3,000 - £5,000 depending on complexity
- Advice for a Defined Contribution (DC) Pension scheme (RR service related) - £300 plus £125 if member transacts unless being reviewed and transferred as part of the review of the RR DB Scheme where there is no additional fee
- Advice for DC Pension Scheme (not RR service related) - £750 - £1,000 per DC plan but discounted, if 3 or more reviewed at the same time

If preferred, you can of course use your own adviser but please note that where an adviser charges a percentage of the overall transfer value this can amount to substantially increased fees when compared to WPS fees quoted above.

If you are using your own advisers, we would suggest you review the proposed charges and fee structure of any financial advisers especially in the wake of the changes introduced at the beginning of October banning contingency fees.

Appendix 2

Battle for Barnoldswick

Link to on-line petition to both Rolls-Royce and the UK Government to save the Barnoldswick site.

<https://www.megaphone.org.uk/petitions/save-our-site-battle-for-barnoldswick-rolls-royce>



Link to a powerful video about the history and importance of the Barnoldswick site which has been put together by past and present Rolls-Royce workers and the local community.

<https://youtu.be/Q5FHsCED6I8>

