National Negotiating Update

On 21st July, we informed you (Newsletter #24) of the result of the National postal ballot on ‘the package’, in which 99% voted to reject the principle of taking a permanent 10% pay cut. We also expressed our support for our colleagues in Barnoldswick in their struggle to ensure the Company adhered to the signed Memorandum of Understanding (MoU) that was agreed at the beginning of this year.

Since the result was announced there has been no further discussions with the Company regarding the package deal or any other any other national matters. However, strengthened by the emphatic result, we have recently contacted the Company and have offered to hold some ‘clear the air’ talks at a senior level. We will update you further on those talks as and when there is something to report.

Barnoldswick

We have consistently expressed national solidarity and support for our colleagues in Barnoldswick who were forced to take further industrial action to defend the nationally agreed MoU. An additional ballot of the entire workforce (both Works and Staff) returned a significant majority in support of taking further industrial action if required. Once again, in the spirit of trying to resolve the dispute, the TU have reached out to the Company with an offer of further talks and in return the TU have delayed giving notice of added industrial action.

Company Mid-Year Results

Most of you will have seen the Company's interim results which were released on the 5th August. This was accompanied with messages from our CEO and new Financial Director in which they declare Rolls-Royce has a great future ahead (which we know includes Small Modular Reactors and Electrification as part of its journey to ‘Net Zero’).

The Company wrote to you all in an attempt to influence the ballot, with the message that they now had to ‘repay their credit card bill’. However, looking a bit more closely at the recent results we can see the Company returned to profit of over £1bn, a strong liquidity of £7.5bn, a continued improving outlook and the Company declaring that 8000 people have left the business. Other highlights include:

- Gross profit £1,097bn
- Improvement in free cash outflow £1.7bn
- Restructuring savings £1bn by end of 2021
- Disposals on track for at least £2bn
- No debt repayment before 2024
- Free cash flow target £750m (on track in 2022 providing engine flying hours reach 80% of 2019 levels).

The Company may cite a lack of immediate cash flow is hindering its ability to invest in the future and capitalise on the opportunities open to it. They may also expect you to pay for this investment in the future.
Whilst we understand the challenges the Company has faced; the results are very encouraging, and the Company is well on track to rebuilding its balance sheet. It is worth remembering the part you have all already played, including:

- Civil Aerospace and Central Functions - unpaid leave for 2021 (equal to up to 4% reduction in pay)
- No pay rise in 2021 (whilst the median pay rise for the last 3 months across the UK is 2.2% and the RPI rate was 3.8% in July)
- Reduced severance pay arrangements and over 5000 fewer UK Jobs.
- Early closure of the DB pension (providing the Company with annual savings of over £50m)

**In Conclusion**

Whilst we here in the UK have borne the brunt of the job losses and cuts, the Company continue to make investments and announcement within the supply chain and other parts of the global organisation (the latest of which is the completion of the $600 million transformation of the Indianapolis campus).

18 months ago, we understood the immediate need to protect against further job cuts. We have played a significant part in maintaining stability by absorbing substantial financial impact and we remain open to discussions on productivity and efficiency. However, we must continue to **defend our Members terms and conditions and protect UK Manufacturing Jobs.**

*We are not prepared to help fund a future for which we are not part of.*

Please remember these newsletters are intended for Works and Staff Members of the TU.

Thank you for your continued support.

**TU National Negotiating Group**

Mahf Khan     Mark Porter
Stuart Hedley Paul Longley
Lee Purslow   Gary Andrews
Ian Bestwick  Steve Jones

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