

Retention of Workers

Mahf Khan & Mark Porter

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Background.

- UK Aerospace jewel in the crown of UK Industrial economy.
- EU annual turnover in aerospace €146.7bn.
- UK annual turnover in aerospace €75.5bn.
- Direct EU Jobs in Aerospace 507,000.
- Direct UK Jobs in Aerospace 340,000.
- Growing challenge from BRIC countries.
- Market for 35000 Aircraft worth \$5.3tn in 20 yrs.



Challenge.

- Growing challenge from BRIC countries.
- Adapt employees & workplace for the onset of the 4th Industrial revolution/Industry 4.0.
- Satisfying projected need for 10,000 additional worker per year to meet demand.
- Retain & Retrain older workers.
- Recruit new workers with skills for the future, e.g. ALM (additive layer manufacturing & COBOT's)



Aim.

- Create an environment that helps to retain Employees including new recruits.
- Rebalance the Age Demographic.
- Build Trust in Older Workers around job security.
- Build Trust in Younger Workers around Terms & Conditions.



Retention.

- From the Employers data & view.
- RR has a higher retention rate than most UK companies @ 89% amongst Apprentices & Graduates whilst the UK average is 70%.
- 84% of Apprentices & Graduates are still in the role for which they were recruited.



Retention.

- From the Trade Union view.
- RR retention rate of 89% amongst Apprentices & Graduates is taken over a short time span.
- Data is 4-5 yrs old so does not reflect current experience.
- Reference period for RR & UK not equal.
- RR recruits the 'cream of the crop'.
- View that new recruits remain less than 10 yrs in recruited role.



Age Demographics.

- **Rolls Royce UK data.**
- Avg age in Manufacturing is 47 yrs.
- Avg age in Engine build is 57 yrs.
- Avg age in Engineering and Design is 53 yrs.
- **Rolls Royce Barnoldswick data.**
- 1079 employees.
- Avg age 51, 220 aged above 53.
- 50/50 split in DB/DC Pensions.



UK Government.

- Launched strategy paper
Fuller working lives – A partner ship approach.
- **Trade Union view.**
- Driver increasing costs of state pension.
- Justification for increasing state pension age.



UK Government.

- Numbers over 50 - 5.7m in 1996, 7.6m in 2006, 9.8m in 2016
- Growth of 2m every 10 yrs.
- 1 of 4 men & 1 of 3 women of pension age have not worked for over 5 yrs.
- State pension age consolidated to 67 for both men & women in 2020's.
- UK State pension age increasing to 68 in 2040's.
- UK workforce over 50 increasing from 1 in 4 in 2010 to 1 in 3 by 2022.



UK Government.

- Support older workers with policy and legislation.
- Extend flexible working.
- Support flexibilities in private pensions
- Supporting female workers
- Increase support for carers
- Increase support for people with health conditions.



Pensions impact.

- Retiring @ 65 instead of 55 for a UK male will result in an extra income of £280,000 & an increase of 55% in pension fund.
- Retiring @ 63 instead of 55 for a UK female will result in an extra income of £180,000 & an increase of 50% in pension fund.



Rolls Royce actions.

- Mapping the demographics of workforce.
- Overlay current skills against future skills.
- Gap analysis of skill needs.
- Develop policies & practices to enable retention of workers including younger and older workers, allowing headroom to prepare for Industry 4.0.
- Flexible working.
- Part time working.
- Pool of banked workers.



Rolls Royce actions.

- Mitigate risk of leavers in mid 50's with very little notice.
- Improve pensions for older workers - defined benefit.
- Draw pensions & continue working.
- Improve pensions for younger workers – defined contribution.
- Redesign short/long term sickness benefits.



Update.

- Realisation amount Senior RR management that appropriate recruitment (by appropriate recruitment we mean appropriately qualified, not over qualified) is an Issue, work has begun to ensure Apprentice and Graduate recruitment is conducted from socially & economically diverse area.
- Changes have already been implemented in recruitment policies.
- Changes have already taken place to alter the Final salary pension for older workers to increase flexibility and value of pensions.
- Negotiations are ongoing to improve pension provision for newer/younger workers to boost fund value & flexibility.



Update continued.

- Job security and therefore trust has been focused on, as a result significant investment has recently been announced, £80-100m will be invested into a new XL Test facility.
- Other investment of over £70m has already been secured to improve manufacturing, assembly & overhaul facilities.
- A 'no compulsory redundancy' clause has been agreed until the end of 2022.
- An agreement has been reached to involve the Union in Strategic workforce planning including skills for the future.
- The main facility is being transformed over the next 5 yrs.



Questions

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