



Department for  
Business, Energy  
& Industrial Strategy

Rt Hon Sir George Howarth MP  
House of Commons  
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30 November 2020

Dear George,

Thank you for your email dated 20 October to the Rt Hon Alok Sharma MP, enclosing correspondence on behalf of your constituents, regarding Rolls-Royce's restructuring and site review announcements and their potential impact on the sites at Barnoldswick. I am responding as this matter falls within my Ministerial portfolio.

I know that Rolls-Royce is the largest employer in Barnoldswick and is important to the Borough of Pendle as a whole, and I fully appreciate the impact that this will have on the company's proud and dedicated workforce as well as the local community. As you know, the COVID-19 pandemic has delivered a devastating blow to the aviation and aerospace sectors. This has led to over half of the world's large aircraft fleet being grounded and airlines deferring or cancelling orders. As a result, Airbus and Boeing have reduced their production rates by around 40%, which is inevitably impacting demand in the wider aerospace sector.

Unfortunately, as the sector is not expected to return to growth for several years it is inevitable that there will need to be significant job losses and companies will have to adapt to the changed environment. Warren East, the Chief Executive of Rolls-Royce, has explained that restructuring was necessary to ensure the company's long-term sustainability. It was made clear that although Rolls-Royce was able to utilise the Government's Covid Corporate Financing Facility and the Coronavirus Job Retention Scheme, restructuring was still necessary to respond to the significantly changed market conditions and that no further Government support could replace the customer demand that is simply not there.

I understand that Rolls-Royce are not planning to close Barnoldswick but intend to keep the site open to retain fan blade production, development, and a technical support centre. Rolls-Royce has also announced proposals to bring back work into the UK. For example, it is proposing to withdraw from its Singapore assembly and test facility for widebody engines, consolidating all widebody engine assembly and test capability in the UK instead. It has also closed a site in the US, consolidating any future workload in the UK. We will continue to work with the company to understand what more can be done to save UK jobs and capabilities in Barnoldswick and across the UK.

More broadly, we continue to back the UK aerospace industry strongly and through the Aerospace Growth Partnership continue to take action to secure the medium and long-term future of the sector. We are working to prevent small and medium-sized enterprises (SMEs) from closing, whilst supporting those who may lose their jobs to help them get back into alternative employment as quickly as possible.

The Government has provided an extensive package of Covid business support measures such as the Coronavirus Job Retention Scheme, which will remain open until March 2021. In addition, the aerospace sector and its aviation customers are being assisted with around £9 billion of funding made available through research and development (R&D) grants, loan guarantees, and support for exporters.

We have taken action to make sure that companies like Rolls-Royce can continue to invest in R&D throughout this difficult period as this generates economic returns in the UK, supports a wide ecosystem of SMEs, universities, and communities, and is critical to the future success of the sector in the UK. This is backed with our UK-wide Aerospace Technology Institute programme, which is providing £1.95 billion for aerospace R&D out to 2026 as part of the Government-industry sector strategy for aerospace. This will help to develop new technologies to make air travel safer and greener, whilst creating new, well-paid green jobs for decades to come.

Furthermore, on 7 October, the Government launched a Global Travel Taskforce to support the travel industry and the safe recovery of international travel. The Taskforce will consider further how the Government can support the sector to address the challenges posed by COVID-19 to international travel.

Thank you again for taking the time to write on behalf of your constituents. I assure you that the Government will continue to support the aerospace sector to ensure it will remain competitive and can return to growth.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Zahawi', written in a cursive style.

**NADHIM ZAHAWI MP**  
Minister for Business and Industry