

Frequently Asked Questions – Re-Organisation Special

Important

This set of 'frequently asked questions (FAQs)' has been pulled together to guide you through **the initial announcement** of organisational change we are announcing on 1st May 2020.

In the first instance connect with your line manager (or the manager who has 'adopted you' if your manager is on furlough leave).

There is also a 'consultation special' which will provide more details on the processes and obligations of this important activity.

If you are still in need of assistance, please contact the HR Case and Advice Team - PeopleServices@marshalls.co.uk

1. What are you announcing today?

Today we are announcing a series of proposals to change the shape of the existing Marshalls Group structure. This includes the closure of a number of sites and plans for headcount reductions in other areas of the business including the supporting functions. There will also be proposed changes to the shift patterns and asset closures at some locations.

2. Can you say how many roles are at risk?

We do have a plan for the reduction of positions. There are potentially up to 300 positions that may be impacted as a result of this change.

3. Why are we doing this?

As you know from recent communications, the impact of the COVID-19 pandemic has been far-reaching. This has significantly impacted the demand for our products and also therefore our revenue – this is particularly clear in the months of March and April and is consistent with the rest of our sector.

We have taken short term decisions from the beginning of March to make sure we preserve the business. These have been about the control of costs and cash flow.

All of the external indicators show that the UK economy is heading towards a recession once this pandemic is over. What is unknown is the likely depth of this recession. We know that the demand for our products is significantly down and the projections show that the demand for our products in 2020 and 2021 will not be as high as in 2019. This means we have to review the cost based of the organisation size and structure.

4. We claimed on the government's Corona Virus Job Retention Scheme (CJRS). This was supposed to help employers avoid redundancies. Why are we proposing to lose roles?

We have made use of the CJRS. We have claimed from 25th March, the date on which we first started to furlough colleagues. We will continue to claim for the furlough payments as we go through the next couple of months. This claim is in line with scheme rules.

The decision we have taken about the organisation structure is linked to the external factors and projections about contraction of the UK economy. We have to reduce the cost base of the business.

We are also moving all of those colleagues who are located at impacted sites proposed for closure back to full pay and not applying for the CJRS at those locations. This will happen for the duration of the consultation process.

We don't feel it's appropriate for us to claim monies from the government for a decision that we've made about the longer-term of our business.

For more information on CJRS, refer to the Employee FAQs on Furlough Leave on the intranet.

5. The Government said the CJRS was available until the end of June, why not keep people until the end of June and then re-structure?

We anticipate coming to a conclusion on some areas of this consultation process by the end of June, therefore it's important that our cost base is at the right size by the start of July. This estimated conclusion date is, as always, subject to correct and meaningful consultation with all affected individuals.

Due to the nature of this change, we must work on a 45 day consultation process. This means individuals are unlikely to leave the business until the full 45 days consultation period has been concluded, which is going to be towards end of June anyway.

6. When were the decisions actually made?

The Executive team have been reviewing and analysing various sources of information both internal trends (sales, orders, stock, customer behaviour, merchant activities) and external (government projections on the economy). The decisions on the changes were agreed on Monday 27th April 2020.

7. Why can't you be more specific about the impacts on the supporting functions?

Each of the supporting functions has a target cost saving to deliver. We have identified areas where those savings will come from.

The consultation processes are designed to share the specific impacts and until we commence that activity it is not appropriate to speculate on where the changes may happen.

8. What is the role of the Unions in this activity?

We recognise two Trade Unions: Unite and GMB. We have presented the proposals to the Unions to "trigger" the collective consultation process. For this set of changes, we will only be consulting with the Union Representatives of Unite. This means we will share the plans of the changes as well as the following information:

- Number of roles impacted
- Possible locations / functions of the positions
- Selection criteria
- Pooling processes (this is where there are more people with the same or similar skills and capabilities than roles in the future structure)
- Redundancy terms
- Redundancy processes

- Communication and ongoing feedback, including meeting frequencies
- Individual consultation processes and, in the current situation, how these will be managed (given social distancing)

9. Why do we have to elect Employee Representatives?

When an organisation undertakes an exercise, where the number of roles in the company will reduce (because of redundancy) there is a legal requirement to consult on the stated proposals. This consultation needs to take place at a collective level as well as an individual level (through 121s).

In the unionised parts of our business (production and logistics) it is the role of the Union Representatives to represent the views and opinions of their members during the consultation process. In the supporting functions, Marketing and Trading, we do not have union recognition so we need to elect employee representatives. We anticipate that we will need six individuals to undertake the processes.

We will provide the training, education and support for the elected representatives. Further information will be issued W/C Monday 4th May about the election process and how you can take part should you wish to.

10. I am currently on furlough, how will I know what is happening to me?

Whilst you are on furlough you are not permitted to work. However, you are allowed to take part in critical communications and activities that are designed to help you understand what is happening in the business and any impacts that this may have on you, your role or your place of work.

11. What are the timelines?

We do not want this process to take too long. We understand that there is uncertainty created by an announcement of this type. These are our proposals at the moment and, given the number of roles that are impacted, there is a need to complete at least a minimum of 45 days consultation before any redundancies can take place.

Because we are entering into the consultation exercise with the starting point of it being meaningful and engaging we anticipate that roles will start to leave the organisation before the end of June and throughout July. Clearly this will be on the back of concluding the required levels of consultation.

12. Will you ask for volunteers?

We are seeking volunteers for redundancy between now and Friday 15th May 2020. If we have volunteers and we are able to accept them, this will allow us to reduce the need for compulsory redundancies in certain locations. If we have no volunteers, then we will then need to consider the possibility of compulsory redundancies. Where a location is closing there will be compulsory redundancies.

13. How do you determine the selection criteria?

The selection criteria proposed are standard and in line with guidance from ACAS (Advisory, Conciliation and Arbitration Service). They are subject to the consultation process.

We have used these selection criteria in previous redundancy exercises:

- Skills and experience
- Standard of work performance and capability

- Overall conduct
- Attendance levels (excluding pregnancy or disability related)
- Disciplinary records

14. If I am invited to a meeting on site, how will I know that it is safe to attend?

If you are invited to a meeting on site, all of the necessary steps will have been taken to ensure that Public Health England / Scotland (PHE / S) social distancing rules are observed.

Many of the Marshalls' locations have been risk-assessed and marked out to show the two metre boundaries that need to be observed. This will also be accompanied by other measures and communications at the relevant sites / locations.

We may undertake some of the briefings via telephone or digital means. We will make sure, however, that the communications are delivered so that everyone has the chance and opportunity to take part and be involved.

15. Can I ask someone to attend the consultation meeting with me?

Yes, you are able to invite a colleague to attend the consultation meetings with you if you want to. They can be someone who is either covering a business-critical role or on Furlough Leave.

Please ensure your consultation manager is aware that you will have someone to support you at your consultation meetings.

16. My manager is furloughed who will work with me at this time?

We communicated at the start of this process that where managers are furloughed, they needed to make sure that their 'business critical workers' should be 'adopted' by another manager who remains working. This principle still applies.

17. Are the people working given priority over others (e.g. those on furlough leave) against redundancy?

No.

Where a location is closing, all roles will be deemed to be at risk. Some roles may be relocated with individuals then given the opportunity to be redeployed with them (if this is possible).

Where the reduction in roles involves selection or pooling then the criteria will be determined as part of the consultation (please see question 13 for more information).

18. Are the impacts just in Manufacturing / Production?

No. There are impacts across the business. Supporting Functions, Marketing, Trading, Logistics as well as Production. This is because we are reducing the size of the overall organisation to take into account the projected reductions in demands that we expect in the next 18 months.

19. When will the first people leave?

Please see the answer to question 11.

20. Will there be support to help me find a role?

Yes. We are going to establish our own in-house re-deployment and outplacement training and upskilling sessions. These will be tailored to the individuals and the functional areas.

21. What other advice is available which might be helpful to me?

Every Marshalls' person has access to our employee assistance programme provided by CIC.

CIC provide free, fully confidential, information, support and counselling, which is available to both employees and their families. The support covers a wide range of issues, including personal, financial and family-related matters and may be helpful to individuals dealing with organisational changes, including the possibility of redundancy. The helpline number is 08000 935 819.

22. What other measures has Marshalls taken to mitigate redundancies?

In normal situations, the following measures are required to mitigate redundancies. Our response to COVID-19 has already required us to put measures in place that will continue - these are marked with a * below.

Additionally, we will also:

- Offer voluntary redundancy or early retirement (but we reserve the right to decline any request)
- Temporarily reduce working hours or ask employees to stop working for a short time (furlough)*
- Retrain employees
- Let go of temporary or contract workers*
- Limit or stop overtime*
- Not hire any new employees*

23. What do I tell external suppliers, customers or third-party partners?

We will provide the relevant areas with a centrally approved statement for use in these situations.

24. What about the project to close the Logistics function at MLP Ryton that is currently ongoing?

This project continues as per the original plan. We're looking to conclude this towards the end of May.

25. What else?

We hope you have found these FAQs useful. Please raise any further questions with your line manager and we will try our best to provide a clear answer for you. In some cases, especially at the start of the consultation period, we may not be able to provide the clarity or detail you might want - we will need to wait until the consultation process has progressed further.

We have also prepared a 'consultation special' FAQ guide that provides the details behind the processes and obligations. This will be shared with the impacted individuals when they start their consultation process.