

OUTSOURCING OF TECHNOLOGY SERVICES DESKTOP DISTRIBUTED SUPPORT SERVICES TO FUJITSU – TUPE TERMS ANNOUNCED

Following a series of constructive meetings between Unite, Fujitsu and RBS, consultations have now concluded. Whilst broad agreement has been reached on the majority of the TUPE transfer terms including agreeing an improved position on a number of the original proposals during the consultation process, Unite have been unable to reach full agreement on the overall transfer terms mainly due to concerns over bonus provision.

It would be impossible to cover off all the detail of the transfer terms and the discussions with Fujitsu and RBS within this newsletter, therefore the key items will be detailed. Members by now will also have started to receive information from Fujitsu and RBS on the agreed Measures and there will be further opportunity for all those in scope of the transfer to raise questions on an individual basis to address any outstanding concerns or seek clarification on any matter. The date of transfer is anticipated as 1st April 2011.

Pay and Performance – Current levels of pay will transfer. As Fujitsu's pay date is the 23rd of each month (some 5 days later than the RBS pay date), agreement has been reached that an advance will be made available on request to members to facilitate the smooth transition to the new pay date. RBS will pay a final monthly salary on 18th March which is payment 2 weeks in arrears and 2 in advance up to and including the last working day with RBS which will be 31st March. Fujitsu will then pay a first full month's pay on 23rd April and on the 23rd of each month thereafter. Fujitsu have assured that they will be sympathetic and flexible to individual personal circumstances when requesting salary advances and arrangements for repayment.

Fujitsu's pay methodology, similar to that of RBS, is based on performance and market rates of pay. They operate "professional communities" with Role Profiles which have a published Internal Pay Comparator for each role. This is the median salary for this role. Mapping of transferring staff to Fujitsu's salary bands will be carried out post transfer at which point Fujitsu will consult fully with Unite.

Fujitsu's annual salary review takes place each August and is based on performance for the period April – March of the previous year. Any RBS salary uplift due to be made on 1st April 2011 will be implemented pre transfer with a further salary review for all transferring staff being effective from 1st August 2011 in line with Fujitsu's annual pay review process.

Bonus – The bonus schemes within RBS will be replaced by the Fujitsu scheme which assesses performance during the period April – March and pays bonus usually in June of each respective year. All in scope employees will be eligible to participate in Fujitsu's discretionary "Sharing in Success" (SIS) annual performance bonus scheme which is based on overall company results. There will be no further discretionary bonus scheme available to RBS Appointed employees. Whilst historically the SIS scheme has paid bonus of around 6% to all employees, in the

past 3 years the bonus has only paid out once at a rate of 2%. Any employees transferring to a Management role will be eligible to participate in the appropriate Fujitsu Management Bonus scheme which delivers a bonus on-target opportunity of 10%.

During consultation and based on the average past 3 years discretionary performance bonus paid to transferring staff, Unite expressed concern at both the loss of the potential to earn bonus of up to 15% and 20% for all Appointed and Managerial staff respectively and the fact that many bonus payments payable by RBS had been well in excess of the average paid under the Fujitsu SIS scheme. Whilst recognising that the SIS scheme has advantages, is more transparent and equitable and not subject to the deferral or clawback terms that currently exist within RBS, Unite urged Fujitsu to pay a compensatory payment to staff for the loss of their current bonus scheme, particularly to those staff who had earned in excess of the average SIS payments in the previous 3 years. However no agreement could be reached on this measure, a position which Unite are extremely disappointed about.

Quarter 1 2011 bonus payments to reflect the performance period January – March 2011 will be pro-rated and paid by Fujitsu in June 2012 together with any SIS payment due. Any discretionary bonus earned during 2010 will be paid by RBS in the normal way as part of the good leaver status and will be subject to the Group bonus payment criteria, which has yet to be determined for the 2010 performance year.

Pensions – The position of Pensions within TUPE legislation is that where an occupational pension scheme already exists, the receiving employer (i.e. Fujitsu) has to provide a pension with up to a maximum of 6% employer contribution but is not required to replicate the existing pension arrangements. Fujitsu are providing to all transferring staff eligibility to their Defined Contribution Pension Scheme “Fujitsu UK Pension Plan (FJUK Plan)”, regardless of whether staff are currently in the RBS Defined Benefits Scheme, the Defined Contributions Scheme (Retirement Savings Plan) or are not currently members of either RBS scheme.

The Pensions issue was one which was subject to much debate during the consultation process as it was recognised that the vast majority of the transferring population are currently members of the non contributory Defined Benefits scheme which Fujitsu will not replicate. A pensionable allowance of 17.5% will be paid to those who were previously members of the RBS Defined Benefits scheme and 14.5% for those who are currently members of the RBS Retirement Savings Plan or in receipt of pension benefit funding. Members can elect their level of contribution to the pension plan (minimum contribution rate is 1%); the funding can be fully or partly invested into the scheme with any residual percentage being taken as cash. Fujitsu has reduced the allowances by 0.5% to fund the cost of risk benefits such as death in service and dependants benefits which maintains overall parity with the current RBS pension schemes. Members can also opt not to join the FJUK Plan and take the full 17.5% or 14.5% supplement to be invested in a private pension or taken in part or full as cash. Fujitsu reserve the right to default individuals into the scheme as their preferred position is that individuals join the FJUK Plan; however the option to opt out will be available.

Whilst welcoming that Fujitsu are providing pension funding in excess of statutory requirements, Unite recognise that many impacted staff will lose their superior pension arrangement currently enjoyed as members of the RBS Defined Benefits Scheme. Fujitsu recognise that they are not able to match the benefits of this scheme, however during consultations Unite sought and managed to negotiate a much improved position on Fujitsu’s original pensions offer including an increase in the level of benefit funding and flexibility on how the funding could be used. Unite therefore feel that Fujitsu have made genuine efforts to reflect the loss of the Defined Benefits Scheme and replicate the funding for those members of the Defined Contribution Scheme.

All changes and differences within the scheme will be explained further as part of the communication process, however a death in service payment of 4 times salary and a dependants benefit of a further 4 times salary together with a return of the value of your pension account will be paid if you die before retirement.

The option, in the event of redundancy, to take early retirement and receive an immediate non reduced pension and a lump sum based on one weeks pay per year of service will cease on transfer to Fujitsu, as this is linked to the early retirement elements of the RBS Group Schemes. The RBS Pension will remain deferred and will be paid out at Normal Pension Age of 60 for the Defined Benefits Scheme or 65 for the Defined Contribution Scheme; although members can request their pension to be paid early from 55, but this can result in payment of a reduced pension.

Benefit Funding/Value Account – The existing arrangement of 10% for Appointed and 15% for Managers will be maintained post transfer and will continue to accrue in line with future salary increases as is the position in RBS. There are no Clerical employees in scope of transfer.

Sick Pay & Sickness Absence – Current sick pay entitlements will continue post transfer and will also accrue with service. Fujitsu have also confirmed that they will provide Permanent Health Insurance PHI cover to all staff, subject to meeting eligibility criteria, the benefit will be paid at 50% of basic salary after 52 weeks of absence due to incapacity. PHI payments will continue until return to work or normal retirement age, whichever occurs first, additional benefits include life assurance and accident insurance.

This scheme is similar to the Long Term Disability Benefit that was payable by RBS to members of the Defined Benefits and Defined Contribution Pension Schemes and is superior in that payment under the RBS Long Term Disability Plan is restricted to 5 years of payment. Eligibility to PHI cover is not dependant on joining the FJUK Plan and is a benefit that is available to all transferring members on joining Fujitsu.

Any transferring employees who qualify for less than 52 weeks sick pay and who remain absent from work prior to any PHI benefit commencing after 52 weeks absence, will receive the equivalent of 55% of salary as paid sick pay for up to a maximum of 52 weeks. This will ensure that there is no gap between sick pay ending and PHI benefit commencing which provides parity with the existing benefits payable under the bank's Long Term Disability Scheme.

Fujitsu intend adopting their own sickness absence policy on transfer which includes discretionary payment of hours for doctors, dentist and hospital appointments, however a commitment has been given to reasonable paid time off to cover these instances in line with the RBS policy. Sickness trigger points operate in a similar way to the RBS policy, however the potential action and timescales involved in managing short term, frequent or intermittent absences are more relaxed than the current RBS policy. Full details of the sickness absence, disciplinary and grievance policies will be made available to all staff on transfer.

Redundancy Terms

Fujitsu have agreed to protect indefinitely the current redundancy terms of 3.5 weeks per year of service up to a maximum of 104 weeks for all transferring staff, a position which is very much welcomed by Unite. As part of the wider restructure across Technology Services and due to the fact that Fujitsu advised that they do not require all staff in scope of transfer, individuals were given the opportunity to opt for voluntary redundancy (VR). However RBS and Fujitsu reserve the right to decline applications for VR, for example if they are oversubscribed or they have an operational requirement which means they cannot reasonably release an individual. Any concerns regarding VR declines should be addressed with management in the first instance and in the event they remain unresolved please contact your workplace representative or the Unite RBS Helpline for support and advice.

Holidays – Existing RBS holiday entitlements will transfer. There is no change to the holiday year which will continue to run from 1st January – 31st December. Holiday Buy/Sell is available via Fujitsu's "Your Choices" Flexible Benefits scheme.

Overtime/Call Out/Standby Payments – All existing payment rates, subject to the Fujitsu approval process, will transfer across and will continue to apply.

Share Options – As transferring staff are leaving RBS by way of TUPE transfer, you will be treated as a good leaver for the purposes of any Share Options that you currently possess, full details will be provided by RBS. Fujitsu do not operate a share ownership scheme.

YourBank/Mortgage Subsidy – Facilities will continue for either 6 months post transfer or until the end of the term in the case of loans and mortgages, however members should refer to the Leavers Benefit Pack for further clarification. Clearly Fujitsu are unable to replicate the YourBank benefits, which we are acutely aware will be of concern to some members.

A small number of the transferring population also benefit from what Unite believe to be a historical contractual mortgage subsidy (i.e. Natwest Mortgage Subsidy). RBS' position is that this payment is non contractual and as such the issue of continuation of mortgage subsidy has consistently been a thorny one during all TUPE consultations that Unite have recently been involved in. During consultations Unite pushed Fujitsu to continue to make this payment, the outcome of these discussions was an improvement from Fujitsu's original position and an agreement to pay a lump sum payment to all eligible employees of the equivalent of 36 months of the subsidy, or to continue to make the payment on a monthly basis for 36 months post transfer. Individuals currently in receipt of this subsidy will have an opportunity to express their preference.

RBSelect Benefits – Whilst Fujitsu provide a number of comparable Flexible Benefits via their “Your Choices” Scheme (full detail of which will be provided to all transferring staff), at the date of transfer existing RBSelect benefits will cease to exist and in a number of instances any outstanding balances will require to be paid in full. Fujitsu has agreed that wherever possible they will continue to offer the benefit to ensure there is minimal impact in terms of any tax or NI losses, e.g. on bikes, and where this is not possible they will provide an advance to smooth the transition as a result of the loss of any RBSelect product.

Trade Union Recognition – The collective agreement between Unite and RBS will transfer across to Fujitsu post transfer and Unite will be able to provide support, advice and representation, as well as continuing to negotiate terms and conditions of transferring staff. Unite also have recognition for other groups of staff within Fujitsu and we therefore have an existing relationship with Fujitsu that we will look to build upon.

Notice Periods/Maternity/Paternity/Adoption/Long Service Awards – Notice periods remain unchanged on transfer and will increase with service. The Fujitsu maternity policy will apply; however RBS maternity pay will be protected and members will retain the opportunity to request a phased return to work following a period of maternity leave. Fujitsu will apply their own Paternity pay and Adoption leave policies which are broadly similar to RBS'.

Fujitsu operate a Long Service Award scheme which pays a cash award of £300 at 21 years and £600 at 42 years service. Any employees with between 21 and 24 years service at the date of transfer will be paid the Fujitsu 21 year service award after completion of 6 months service which recognises that they would have been eligible for a long service award at 25 years with RBS.

UNITE COMMENT

As already mentioned it would be impossible to cover off every element of the TUPE discussions and this newsletter has concentrated on the key terms and conditions of the transfer. In addition hours of work and work location remain unchanged on transfer and Unite welcome the fact that all service related benefits continue to accrue and are not subject to change when moving role within Fujitsu.

Unite are pleased that Fujitsu responded to some of our concerns during the consultation process and improved a number of their original proposed Measures. Unite also urged Fujitsu to consider a goodwill payment to transferring staff to reflect the loss of some benefits such as YourBank, Sharesave, the reduction in bonus opportunity, the change from a Defined Benefits to a Defined Contribution Pension Scheme and the changes to some of the existing RBSelect benefits, however Fujitsu stated they were unable to make such a payment.

We would encourage all staff to make their thoughts known on the transfer terms and how they are feeling about a move to a new employer both to the trade union and to RBS and Fujitsu. Unite will continue to engage with both RBS and Fujitsu and it is therefore vital to ensure that the views of the workforce are fully considered in the run up to the transfer date.

Members can also contact their Workplace Representative or the Unite RBS Helpline on 0870 241 4425 or e-mail rbsinfo@unitetheunion.org

WORKPLACE REPRESENTATIVES

It is vitally important that in moving into a new organisation the views of our membership are known. In order to smooth the transition to Fujitsu it has also been agreed that RBS workplace representatives can continue to provide support and advice to members for a 6 month period post transfer which may provide an opportunity to recruit a workplace representative from within the transferring population. Therefore, if any members within the transferring population are interested in becoming a workplace representative then please contact the Helpline or email us at rbsinfo@unitetheunion.org

MEMBERSHIP RECORDS

It is also important that leading up to the transfer that we begin to identify which members will be transferring to Fujitsu. This enables the union to communicate directly with its members within a given institution and will ensure that post transfer you do not continue to receive Unite RBS communications. If you are in scope, and have not already contacted the union, please e-mail your name, membership number (if known) and home address to rbsinfo@unitetheunion.org

UNITE UPDATES

If you would like to receive regular updates electronically from the union, please e-mail, along with your membership number (if known) and home address, from your preferred e-mail address to rbsinfo@unitetheunion.org

NOT A MEMBER?

Join Unite's 1.5 million members and have a voice on this and other issues, as well as receiving support, advice and representation, for £10.96 a month for full time staff and £4.98 per month for part time staff working less than 20 hours a week. Membership forms can be obtained by phoning 0845 850 4242 or e-mailing rbsinfo@unitetheunion.org plus you can join on-line at www.unitetheunion.org

Alison Maclean & Stuart Davies – Joint Lead Officers

Unite RBS Helpline – 0870 241 4425

www.unitetheunion.org