

RBS INSURANCE (RBSI)

PROPOSED HARMONISATION OF TERMS AND CONDITIONS

Ahead of the future divestment of RBSI and separation from the rest of the Group, the bank has taken the decision to align terms and conditions and effectively create a stand alone Insurance business.

The Group has therefore recently announced that consultations are taking place with Employee Representative Bodies (ERBs) to harmonise terms and conditions across RBSI.

Background to Announcements & Rationale

Members will recall that following the near collapse of the Group in 2008 and as a result of the huge State funding received, RBS was ordered in August 2009, by the European Commission, to sell off or divest key economic assets including the Insurance Division. All members across the Group have undergone a significant period of change and restructure resulting in the announcement of around 22,500 job losses to date as the 5 year Strategic Review continues. RBSI has also rationalised its operations across the UK and there has been a prolonged period of uncertainty in the Division as members wait to hear what impact the future divestment will have on them.

Whilst UNITE has many members across RBSI, the trade union is not recognised within the Division for the purposes of Collective Bargaining. What this means is that the bank are not consulting with UNITE on the proposed changes at this time, nor have UNITE agreed these changes. The trade union received minimal notice of the announcement, with the Group advising that they will be speaking to the ERBs throughout the consultation period, which will conclude around the end of February, with new terms and conditions coming into effect on 1st June 2012.

There are also a number of former Group employees whose work is mainly or wholly aligned to supporting the Insurance Division who have previously changed, or are about to change reporting line into RBSI. The bank has advised that they will consult with UNITE early 2012 in relation to those staff who will transfer reporting line into RBSI at a future date, however consultation for former Group employees or employees from heritage companies such as Pru, Avon, Churchill etc will also be via the ERBs.

Impact of Announcement

Since the announcements on 1st December, UNITE has understandably received many calls from members who are concerned about the impact of the changes. UNITE are extremely disappointed and frustrated therefore that we are broadly unable to respond to member's queries at this time and we are also concerned that the trade union will be provided with very limited opportunity to input to the broader consultation process.

The proposed changes are not insignificant and include a harmonised Defined Contribution (DC) pension scheme, changes to how pay and reward are structured, including Value Account funding being replaced by a new core benefit funding package, change of annual pay review date to October each year, changes to bonus provision and possible changes to working patterns.

UNITE has a wealth of experience in dealing with such changes to terms and conditions, for example when Group employees transfer their employment to a new company. The basic principles that underpin such changes are that terms and conditions should be protected and therefore broadly remain unchanged.

Pay & Reward – The proposals that RBS has tabled in relation to their new reward structure confirm that there will be no change to total reward, but that the overall total reward package will be made up of different elements, including a new bonus scheme. In agreeing any new bonus scheme, it is important that comparisons are made between the new scheme and the total bonus available and paid in the existing scheme. The bank has looked at how reward is structured across the Insurance industry and following the consolidation of key benefits, i.e. Value Account and residual pension funding, the bank claim that salaries will be benchmarked at market rates plus 5%.

However UNITE view this as more of an exercise in re-classifying total reward and increases in base pay are being offset by decreases in pension benefit. This may have a negative impact on future salary increases and in UNITE's opinion may explain why the annual pay review date is being changed to October 2012, by which time individuals will already be aligned to a higher reference salary. Given the annual pay review date is changed to October each year, RBS has confirmed that any increase in pay that would have been due in April 2012 will be back-dated, therefore members will have to wait longer to receive any uplift in pay. In these circumstances consideration should be given to compensating for the 6 month additional waiting period before the increase is implemented.

Pension – In relation to pension, there are currently a number of arrangements in place across RBSI. The proposal is that there will be one harmonised DC scheme and RBS propose to make an employer contribution of 9%. It is proposed that the default contribution level to join the new pension scheme will be set at 9%, however contribution levels can be adjusted up or down and members can also opt not to join the scheme. For existing schemes, where the employer contribution level is higher than 9%, the bank proposes to consolidate all excess residual funding into base salary. Individuals will have the option of investing additional funding into the pension scheme.

What is unclear is what proposals the bank has, where either legacy defined benefit (DB) or defined contribution schemes, that are superior to the current RBS Insurance DC scheme, exist. A distinction should therefore be drawn where levels of funding are superior to that of the proposed DC scheme. Typically where UNITE has been previously involved in consultations where pension arrangements have been harmonised, we have successfully negotiated an enhanced pension arrangement for former members of superior pension schemes.

Core & Flexible Benefits – Core benefits such as life cover and personal health insurance will continue and be similar to arrangements currently in place across RBSI. Members will also be able to exercise flexibility and opt for enhanced life cover as part of their flexible benefits scheme. A package of flexible benefits will be available with consideration given to those benefits which are currently being used under RBSelect. It has been indicated however that the options available may be limited compared to those that currently exist across RBSI. Share option proposals are currently being considered and YourBank facilities will only be available for 6 months post divestment.

Changes to Working Hours – The opening hours will be 8am-10pm Monday – Sunday. Whilst RBS has advised there will be no requirement to change working hours, clearly as the new business takes shape there may be a requirement for individuals to change working patterns. Indeed UNITE have recently received an increased number of calls from members in RBSI who already have concerns about proposed changes to working patterns. Any change in working pattern should be within the parameters of the flexible working contract and individuals should not be asked to increase or decrease the number of hours worked. It is therefore reasonable for changes to be made to shift start and finish times; however it is extremely important that the flexibility clause in the contract should not override genuine personal circumstances which either make it difficult or even impossible for individuals to change working patterns. UNITE would also expect a minimum of 2 weeks notice to alter working patterns.

Other Terms and Conditions/Benefits – There are also a number of other terms & conditions and benefits that should be discussed and clarified as part of the consultation process including sick pay, severance pay, maternity and other associated payments. The bank has already advised that there will be no changes to holiday entitlement, overtime payments or notice periods,

A New Contract of Employment

The bank has advised that they plan to issue all staff with a new contract of employment which will be effective from 1st June 2012 and which will confirm the new harmonised terms and conditions. Whilst the bank are confident they are offering a competitive package of terms and conditions, if any individual does not wish to sign the new contract then the bank has made it clear that they will dismiss that individual and offer re-engagement on the new terms. Non acceptance of the new terms may therefore result in dismissal.

Next Steps

Consultations with the ERBs are now underway. It is therefore vitally important that you speak to your local ERB reps to ensure that they represent your views and any concerns during the consultation process. Local management will be able to provide you details of your ERB reps. UNITE are also engaging with ERB reps who are Unite Workplace Reps or union members and will be supporting them throughout the process. UNITE would also encourage our members within RBSI to feed back their views on the bank's proposals and to encourage any colleagues who are not members of UNITE to join the trade union. You can contact us by emailing rbsinfo@unitetheunion.org or by calling our Member Helpline on 0870 241 4425. In the first instance if you have any immediate questions or concerns you should also speak to local management.

Unite Comment

UNITE recognises that finally having some clarity on the proposed impact on terms and conditions ahead of the future divestment will be broadly welcome. At the same time however UNITE are seriously concerned that consultation on such significant changes largely lies with the ERBs. Whilst the bank has advised that they will speak to the trade union early 2012 about the impact on current Group employees who will transfer to RBSI at a future date, UNITE are bitterly disappointed and angry that simultaneous consultations are not taking place. UNITE has challenged the Group that by failing to engage with the trade union at an earlier stage, the proposals on the table are no more than a "fait accompli" and UNITE therefore has little confidence that there will be any scope to change the proposals, particularly in circumstances where UNITE is seeking to improve or looking at an alternative to a measure that may already have been agreed with the ERB. We will send further communications to members in due course once the position becomes clearer.

UNITE are also concerned and do not support a position whereby the bank are using the divestment as an opportunity to effectively dilute and reduce future pension benefits.

UNITE are also taking legal advice on the bank's proposals to harmonise terms and conditions at this stage and on their intent to impose a new contract of employment on all RBSI employees, details of this legal advice will be shared with members in future communications. If you would like to receive regular updates electronically from the union in relation to RBSI, then please email from your preferred email address to rbsinfo@unitetheunion.org advising that you are a member working within RBSI.

Whilst recognising that the elected ERBs will endeavour to make effective representations during the consultation process, as well as supporting and assisting RBSI staff, UNITE has grave concerns over their level of experience and knowledge. In addition, in the event of any legal challenges, the ERBs are unable to access independent legal advice or pursue action on behalf of staff.

UNITE Representatives

Last year UNITE signed a new and improved UNITE Representative agreement with the Group and we are always seeking members to take on one of the four UNITE Representative roles, i.e. Workplace, Union Learning, Safety and Equality. Any UNITE members interested in finding out more about becoming a UNITE Representative please contact the Unite RBS Helpline or email rbsinfo@unitetheunion.org

Update Your Details

It is also important that members ensure that your membership details are up to date and accurate, i.e. home address, workplace address, whether you are full time or part time etc. If you believe that your membership details are out of date, please also e-mail rbsinfo@unitetheunion.org with your updated details, alternatively you can contact your local District Office by phoning 0845 850 4242 or logging onto 'My UNITE' at the website www.unitetheunion.org where you can update your own details.

Not a Member?

Join UNITE's one and a half million members and have a voice on this and other issues, as well as receiving support, advice and representation for £11.48 a month for full time staff and £5.72 per month for part time staff working less than 21 hours a week. Membership forms can be obtained by phoning 0845 850 4242 or emailing 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