



Your transfer to Vaultex, King's Cross

August 9th 2011

This is a newsletter on behalf of Unite the union in connection with the transfer you've been told about today by HSBC. We will be visiting the centre on Friday August 12th to speak to you and to gather your views about what the move to King's Cross means to you as well as to talk about the consultation process for this transfer.

The good thing about transfers like this one is that your employment is protected under the Transfer of Undertakings Protection of Employment (TUPE) legislation. This means that you cannot be dismissed because of the transfer either by HSBC or by Vaultex. It also means that the rights and contractual terms you've built-up in your time with HSBC are protected.

The key area that TUPE unfortunately does not protect is future membership of your final salary pension scheme (if this applies to you) which is held in the Republic National Bank of New York. All the pension you've accrued is protected and will stay in the scheme until you retire unless you take advice and decide to move it to an alternative scheme. You have to leave this scheme because of the transfer and your new employer Vaultex does not have a final salary scheme. Having said this, Vaultex and HSBC have to consult with Unite as your union on their plans for the future of your terms and conditions including your pension.

Consultation

Consultation has commenced on the broad outline of the proposals the two companies have in terms of how they will carry out the transfer and will continue for as long as the parties deem necessary. Some of the information you have been given is therefore preliminary. After our visit and having gathered your views, we will go back to HSBC and Vaultex and continue the consultation.

Pay

Your pay is protected and cannot be reduced by Vaultex after the transfer. Vaultex' pay levels are unfortunately lower than those in HSBC which means that your scope for pay progression in the future is likely to be reduced.

Having said that, Unite is recognised to negotiate on pay on behalf of staff and managers in Vaultex, so members will be consulted on future pay reviews.

For members of the Defined Contribution (DC) pension scheme, the companies are currently proposing to use a staggered introduction of the higher Territorial Allowance payable at King's Cross (£4,000) to provide an increase in income in lieu of pay rises. We have made the obvious point that you are better off having the higher TA immediately in line with DB (final salary) scheme members (please see below re DB scheme compensation). Nor do we think the point of a TA is to be in place of a pay rise. It is to compensate for higher travel, etc, costs and potentially longer travel to work distances.

Bonus

We have asked for the bonus to be paid on transfer rather than the due date of March 2012. Many companies do this on a transfer as a reward for the trauma of a change of employer and to simplify the transition onto the receiving company's scheme.

At the moment HSBC are saying no to this.

Final Salary Pension Scheme (DB) members

Vaultex has offered to make an extra monthly cash payment to members of the final salary scheme for the first year after the transfer. This is in addition to employer contributions to the Vaultex DC pension and an immediate increase in TA to £4,000. The extra monthly cash payments will vary to mirror the value of HSBC's current contribution to the DB scheme on individual's behalf. This is nowhere near equivalent to the lost benefit of staying in the DB scheme but is in excess of Vaultex's legal obligations. Members should bear it in mind when considering the facts associated with the transfer.

The move to King's Cross

Vaultex has offered to pay your additional travel expenses for twelve months up to a maximum value of £5,000. Critically, they can also offer the option of a change in the hours you work if this would make the journey more manageable to you and your dependents. You will have a chance to try the journey out several times before you transfer.

HSBC is arguing that the journey does not make the work in King's Cross unsuitable in law. This means that they do not believe redundancy is an alternative to the move. If you believe this is wrong in that the journey makes it impossible for you to stay in employment after the transfer, you should give your reasons in your 121 with management and let the union representative, Stewart Dack, know on his visit (or call our members' helpline on 0845 604 5527).

Other terms and conditions

Other terms and conditions have been discussed in the consultation. They will continue after the transfer unless Vaultex cannot replicate them, as the law dictates. This applies to key terms such as redundancy payments as set out in the HSBC Security of Employment Procedure (SEP). Apart from these, some Vaultex terms are better than those in HSBC and will apply on transfer. Please ask Stewart if there are any other terms and conditions you need to know more about or that cause you concern. Stewart has been a senior representative of the union within HSBC for over 20 years.

Your future with Unite

If you are not already a member, transfers like this bring the need for a union to the forefront and this is a great opportunity to join. Your rights will be protected by Unite in relation to the transfer and then by the recognition agreement we have with Vaultex and our team of representatives in the new company. Unite's recognition agreement with Vaultex covers all grades except the most senior. You might like to know that very recently Vaultex received the Gold award for Investors In People.

Stewart will bring Unite membership application forms with him on his visit or you can join online at www.unitetheunion.org

Bernadette Fisher
Unite National Secretary in HSBC
August 9th 2011.

