



Financial Services Sector

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Amicus gets £600,000 for Prudential employees

Amicus Prudential section began pay negotiations towards the end of 2004. The Union has now balloted members with a recommendation of a 'yes' vote. 1550 members voted, a 72% turnout. The result of the ballot was as follows:

- Acceptance of offer - 94%
- Reject - 6%

Management offered the Union a merit pot of 3.25% plus hotspot payments (extra money to address potential salary anomalies). The Company also pointed out that they might need to spend extra money to address any salary anomalies/payments due the Customer Services (CS) milestones project. Therefore the offer was:

- 3.25% merit pot
- 0.29% pot to address specific hotspots (or salary anomalies)
- Payments for CS milestones would take place in April 2005

This results in a total pay offer of around 3.54%, plus the impact of CS milestones.

Following negotiations the following deal was reached:

- 3.5% merit pot
- 0.29% pot to address specific hotspots
- Consolidation of the London allowance into salary
- Payments for CS milestones will now take place in January 2005 or be backdated to January 2005.

The result is:

- An increase of 0.25% on the merit pot
- Consolidation of the London allowance from April 2005 pay
- The earlier payment of CS milestones (effectively from January 2005)

This is a total pay deal of around 4% plus the impact of the CS milestones.

The 3.5% merit pot should mean that the majority of employees would get a pay rise in 2005. RPI is currently at around 2.5%. The consolidation of the London allowance into salary will certainly benefit employees in London. The entire allowance will become pensionable, it will be included in the calculations for Flex Fund and bonus from 2006 onwards, and will be compounded by future pay rises.

As the CS Milestones will now take place in January, some CS employees will benefit from two pay rises as well as the extra four months between January and April.

Amicus Finance Sector gains over 200 new members

The sector achieved growth of 1.07% in December 2004.

David Fleming, Amicus Finance Sector National Secretary said, *“These recruitment figures are very impressive. Amicus reps and officials up and down the country have worked very hard. This is further evidence of the strength of Amicus and adds to our ability to campaign for the interests of all our members in the financial services industry.”*

Outsourcing could result in a tax rise for insurers

Insurers who outsource particular functions could face a significant increase in their tax bill if an opinion given by an adviser to the European Court of Justice is followed. Currently the UK has given an exemption from VAT to certain agency and brokerage services so that insurers who outsource administrative services do not have to pay value added tax on the amounts charged by third parties to carry out administrative tasks.

Europe overtakes USA for new outsourcing contracts

The latest Quarterly Index from TPI has found that Europe has overtaken the US as the world's leading market for new outsourcing contracts. This research reveals that in 2004 Europe represented 49% of the value of major outsourcing contracts (those worth over £28m) awarded worldwide, with the US standing at 44% and Asia Pacific at 7%. The €28bn of contracts awarded by European companies last year is more than double the value in 2002. Duncan Aitchison, managing director, International at TPI said: *“The equalisation between the European and US outsourcing markets comes through dramatic growth in Europe, not any significant decline in outsourcing in the Americas.”*

BDML pauses offshoring

Broker BDML has announced that it is committed to investing in its Portsmouth headquarters. It has been reported in Post Magazine that the company has not ruled out outsourcing future work abroad. Chairman Sandy Dunn said: *“We will recruit 100 staff there this year, on top of the 70 in 2004, as we are getting more space at our offices next month”*. BDML currently has 400 staff in Portsmouth but plans to grow to 500 by 2006.

Chirac promises women equal pay

President Jacques Chirac has announced that legislation will be passed force French companies to pay equal wages to men and women.

A 2002 report by Insee, the national institute for statistics and economic studies, found comparable female executives were being paid on average €29,500 (£21,000) a year, 30% less than their male colleagues. The disparity was reflected at all levels of the workforce. The institute found that professional women such as teachers and nurses earned just under €20,000 (£14,200) a year on average, compared with nearly €23,000 (£16,330) for men in the same position, a 13% difference. The gap for unskilled workers was 17%.

Stonewall finds banks are most gay-friendly employers in Britain

The Stonewall Corporate Equality Index has found The British Council is the country's top employer for gay people, with Citigroup, Credit Suisse First Boston, IBM and Manchester City Council in joint second place.

Jacqui Smith MP, Minister for Women and Equality at the Department of Trade and Industry, said, *"I hope to see many more organisations acknowledging that equality for lesbian, gay and bisexual people is common sense and good business. Stonewall's Corporate Equality Index shows the many steps organisations have already taken in creating an equal workplace, as well as highlighting work that still needs to be done."*

Brendan Barber, General Secretary of the TUC, said: *"It's vital that expert monitoring of employers' good practice on equality issues continues to take place. The TUC warmly welcomes Stonewall's Top 100 Index. We'll work with Stonewall to help ensure initiatives such as these have maximum positive impact."*

Treasury Select Committee inquiry into cash machine charges

The Committee has conducted an inquiry into cash machine charges, looking at the principle of charging, the growth in the number of machines, which charge, clarity in the imposition of charges and issues to do with financial inclusion and the location of machines. The Committee heard evidence from Which?, National Consumer Council and Citizens Advice. The Committee will now be taking oral evidence.

Aviva puts red tape costs at £150m

The finance director of Aviva, the UK's largest life assurer, estimates it has spent at least £150m over the past two years complying with new regulatory and accounting requirements. The Financial Times quoted that that Aviva reported they spent £60m in 2003 complying with new rules. It spent £45m in the first half of 2004 and expected to spend a similar, if not larger, amount in the second half.

Lloyds TSB sacks retail chief

Lloyds TSB has terminated the £400,000-a-year contract of Peter Ayliffe, the head of its retail operations, after only 18 months to accelerate changes in its business. Mr Ayliffe, 52, was appointed to the board in June 2003. He will be paid monthly for the next year or until he finds another job after his departure at the end of March. Mr Ayliffe stands to receive a £91,000 a year pension.

Financial services sector boosts pay of IT workers on Channel Islands

Association of Technology Staffing Companies has found that pay rates for IT contractors on the Channel Islands are now as high as in London. It is believed that the amount experts can charge has been driven up by its large financial services sector.

Jersey's government estimates that to meet its target of 2% real economic growth, employment will have to rise by 500 a year. It expects that some of these people will have to come from mainland Britain.

Financial services to cut jobs and costs

The CBI has produced a report that states that Banks, fund managers and insurance companies will bear the brunt of job losses in Britain's financial services sector over the coming months. The survey found that the sector had returned to profitability after a tough time in the summer, but that the need to cut costs would lead to further cuts in employment.

Moorhouse Group, the Caerphilly-based insurance company, is planning to expand its workforce from 76 to about 130 this year.

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