

THE PAY AGENDA IN RBS

Unite regularly meet the Group to discuss and advance the Pay agenda in RBS. This newsletter will update members on the main discussions and developments on the Pay agenda since the conclusion of the 2011 Pay negotiations. We are also fast approaching the time when your trade union submits the 2012 Pay Claim and we are therefore looking for our members to provide us with feedback and views.

PROGRESSING THE PAY AGENDA IN 2011

Pay Methodology

One of the most difficult and long standing differences between the trade union and the bank has undoubtedly been the bank's approach to awarding increases in Pay. Throughout this year and following the conclusion of the 2011 Pay negotiations Unite has continued to highlight to the bank the fundamental differences in Pay methodology that exist between the bank and the trade union. Unite's position is that a Pay system that awards solely based on performance and market rates of pay is simply not sustainable or realistic, particularly in today's difficult economic climate and the continual difficulties faced by RBS, impacting their ability to actually pay market rates. The consistent and long term feedback from members is that whilst they wish to be awarded for performing in their role, this should not replace an annual increase in Pay which reflects the true spiralling cost of living.

Members may recall that in recent years Unite have been able to improve the bank's initial pay offer during negotiations. Although these improvements often represent minor increases in take home pay for members, nonetheless the union very much see this as a step in the right direction in influencing and changing the bank's long standing approach to awarding annual salary increases based solely on performance and market rates of pay. For the first time in many years the conclusion of the 2011 Pay negotiations saw

all Level 3 and above performers receive a salary increase with a minimum £100 underpin. This represented an improved pay offer for around 14,000 staff across the Group and was the basis for agreement on Pay 2011.

In June Unite had a constructive meeting with the Group's new Head of Reward. UNITE tabled the ongoing concerns over the fundamental philosophical differences that exist between the trade union and the bank over Pay. Unite drew comparisons to the minimal pay awards received over many years by our members who have remained loyal and committed to the bank with the continued excessive pay and bonuses of the City bankers. Whilst the bank stressed that they still had a long way to go on their road to recovery, the frustrations of the trade union and our members appeared to at least be acknowledged. It remains to be seen whether the bank adopt a change in approach for the forthcoming 2012 Pay negotiations, however there is a welcome commitment from the bank to continue to listen to Unite's concerns and those of its members. Unite's role is to build on the progress we have made during previous pay negotiations and we will continue to do everything possible to ensure that we achieve improvements in annual pay for our members.

Equal Pay Audit

In consultation with Unite, the bank is also in the process of undertaking an Equal Pay Audit, which includes a detailed

analysis on pay and bonuses. The conclusion of this audit will determine whether a gender pay gap exists in RBS, i.e. are there disparities in rates of pay and bonus between men and women doing broadly similar roles, and if there are, the outcome of the audit will highlight the reasons and at which grades or roles pay gaps exist. Discussions are also taking place into the number of women in Appointed/Managerial roles and reasons why women may not be progressing into more senior roles within the Group. Despite Equal Pay Legislation existing for decades, the gender pay gap continues to prevail in all sectors, with a gap of in excess of 40% within the Financial Services Sector. Unite has therefore been pushing RBS and many other employers across the financial services sector to undertake such audits for many years now. The bank committed to sharing the outcomes of the audit with Unite and have been engaging fully in order to address any issues that are identified, a position that is very much welcomed by Unite.

Bonus & Deferred Awards

The union had also pressed the bank to ensure that the awarding of bonuses, particularly discretionary bonus, was more transparent with clear and consistent objective measures. The very fact that bonus is discretionary by nature makes it difficult to determine precise payment criteria and application, however the bank did finally share with Unite some manager and divisional guidelines on the payment of discretionary bonus which provided some reassurances. The bank also provided a clearer understanding of the annual process for finalising bonus spend; however were unable to respond to all of the concerns raised by Unite. Concerns persist regarding the lack of transparency attached to payments and the little or no control that many members have over the extent of their bonus payment.

Whilst the position and restrictions on the payment of bonus earned during the 2010 performance year were more favourable, with the first £2000 of any bonus paid in cash earlier this year, many of our members have seen their bonuses deferred and in some cases subject to clawback provisions. At this stage it is unknown what rules will apply to the payment of bonus earned in the 2011 performance year. This information will only become available in February 2012 once it has been agreed with external regulators and majority shareholder, UKFI.

Unite has also become aware of concerns over the non payment of deferred awards for members who are subject to disciplinary action, suspended or under investigation. We are continuing to have discussions with RBS to determine in what circumstances rewards would be withheld. If members have any concerns over

the non payment of bonus or deferred awards that cannot be resolved at local level then please contact our Helpline or email rbsinfo@unitetheunion.org for further support and advice.

Secondment Allowance

Unite are aware that many members have stepped up to the challenge covering senior roles in some cases for many years with no commensurate reward. Rather ad hoc informal payment arrangements are sometimes made, often with no objective criteria applied. When these issues were raised with the Group via a formal claim for deputising pay, the claim was rejected and the bank responded that those covering more senior roles should view this as an opportunity to enhance their knowledge and skills, thus providing them a better chance of being promoted into a role as and when a vacancy arose. The reality however with the ongoing Strategic Review is that opportunities for career progression into permanent roles are more limited than ever.

The bank is however currently operating a Secondment Allowance pilot in the Retail and Business Services Divisions, recognising perhaps the extent to which they have relied on the goodwill of their staff. The allowance is paid for formal secondments in excess of 3 months in duration where the current salary of the member sits below the minimum salary level for the new higher graded role. In these circumstances the difference between the old salary and the minimum of the salary band for the new role would be paid monthly and in 1/12th instalments. If members already sit beyond the minimum salary for the new role then no additional payment will be made.

Whilst this is a step in the right direction, Unite have advised the Group that we want to see a fixed allowance paid to all staff or the difference in current salary and minimum salary for the new role, which ever the greater in all divisions to reflect the additional duties and responsibilities of undertaking a more senior role. Unite also argue that payment should not just apply to those staff undertaking formal secondments but also to staff who are relied on day to day to deputise for colleagues often at short notice to cover for unplanned absences, holidays etc. As it currently stands members can therefore still be undertaking a senior role with little or in some cases no reward and we will continue to press RBS to review this position.

The duration of the pilot has been extended with a commitment to engage further with Unite in due course and clearly we will be looking to ensure that all members across the Group receive the commensurate rate of pay for the job undertaken. If you are

formally seconded or stepping up to a more senior role and have concerns that you are not being paid for the role undertaken then please raise these issues with your Line Manager in the first instance or contact us at rbsinfo@unitetheunion.org.

Moving Pay Bands

As a result of the Strategic Review Unite has also become aware that members who move to a role in a new work location, which attracts a higher regional salary band, are not being moved to the commensurate point on the salary scale. For example, if a Clerical member sitting at 100% in range moved work location from a current Band 3 location to an Inner London Band 5 location, then Unite would expect the member's salary to be moved to 100% of the Band 5 salary. In reality what is happening is that members are being moved to the minimum of the salary band for the new role and location or again in circumstances where the current salary already sits within the new salary band then no additional payment would be made. The bank has stated that individuals moving to a higher salary band have the opportunity of progression through the band. However Unite's view is that the whole purpose and reason for the introduction of the regional pay band model in 2006 was to reflect regional variances in market rates of pay. Discussions with the bank are ongoing in an attempt to resolve this issue and we will update members in due course. If you have been affected then please let us know by contacting rbsinfo@unitetheunion.org.

Manager Market Differential

Last year the bank advised that they had fallen behind market on a number of management graded roles and would seek to address this by increasing reference salaries accordingly. As a result a number of reference salaries for management roles were increased where broadly speaking market movement across the Clerical and Appointed grades was minimal. Whilst Unite of course welcome the bank's plans to address any differentials, we are concerned that this has restricted the money available in the pay pot for Clerical and Appointed grades for both Pay 2010 and 2011. It is still unclear how long this issue may take to address and the extent of the problem, however Unite has stressed to the bank that they cannot continue to skew the pay pot to address this differential to the detriment of Clerical and Appointed staff, rather they need to make additional funds available. Questions were also raised about the accuracy of the market and comparator data the bank use. During 2011 progress on determining the extent of this issue and the bank's plans to close the differential has been disappointingly slow. We will continue

to discuss this issue during our ongoing discussions with the bank and no doubt as part of the 2012 salary negotiations.

Looking Ahead – Pay 2012 & Unite Comment

As ever, the priorities for the trade union are:

- Fair Pay
- Zero Tolerance on Zero Pay Awards
- Recognising and rewarding the efforts of all
- Making RBS a better place to work for our members
- Job Security

More than ever the bank needs a motivated and engaged workforce to see them through their continued difficulties and to ensure the future success of the Group. Whilst Unite are aware that a key priority for our members continues to be job security, in recent years members have seen many of the former benefits enjoyed as part of their Total Reward Package either disappear or replaced by an inferior option. Whilst many staff have lost their jobs, those that are left behind strive on a daily basis to adapt to an ever more challenging and demanding working environment as they endeavour to drive the bank's recovery.

Unite recognises the difficulties for our members across every sector of the economy, particularly those who have been impacted by the threat of redundancy. Indeed, it is now extremely likely that every member of staff across the Group will have been impacted in some way by the ongoing recession, resulting in a sharp drop in their standard of living. Inflation has remained high during 2011, averaging 5%, a trend that is forecast to continue. Even the Government's preferred consumer price index inflation measure which traditionally sat well below the retail price index has remained high, averaging 4% during 2011.

Bearing this in mind and ahead of the submission of Unite's Pay Claim to the bank in November, we would welcome the views and feedback from our members on Pay 2012 and in particular your views on the following:

- What is important to you in determining your 2012 pay award?
 - Do you believe that all staff, regardless of market rate and/or performance should receive a pay rise?
 - Do you believe that pay rises should differ according to how
-

well an individual has performed?

- Do you believe that pay and bonus is awarded fairly and transparently across the Group?
- Do you support the Performance Management process that operates across the Group?
- Do you support the bonus culture which operates across the financial services sector?
- Are all aspects of the Total Reward Package important to you?

As part of forthcoming campaigning and recruitment activity in the South West region members in this region will also be shortly asked to complete a Pay questionnaire and we would encourage as many members as possible to do so.

Next Steps

The Unite Royal Bank of Scotland National Company Committee (NCC) will meet early November to formalise the union's pay claim ahead of negotiations commencing in December. The RBS NCC is the decision and policy making body acting on your behalf within Unite and the committee is made up of RBS employees who are union members and Workplace Reps from all divisions across the bank. Your feedback is therefore vital and will be taken into account in determining the pay claim and shaping the scope of negotiations with the bank.

We would also be keen to hear from any members who may be interested in becoming a Pay Champion for the union; this would broadly involve members seeking the views of their colleagues in your workplace to further inform the Pay agenda. If you are interested in this role then please email us at rbsinfo@unitetheunion.org providing your name, membership number, home address and workplace address.

Unite will provide members with an update outlining the final pay claim and look forward to hearing your views and any other issues you would like to see the union raise during forthcoming pay negotiations. You can also contact your local Workplace Representative, our Helpline on **0870 241 4425** or email us at rbsinfo@unitetheunion.org.

Update Your Membership Details

It is also important that members ensure that their 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.

UNITE Representatives

UNITE concluded negotiations with RBS in late 2010 on a new and improved UNITE Representatives Agreement. 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 e-mail rbsinfo@unitetheunion.org.

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