



# ASSET PROTECTION SCHEME & EUROPEAN COMMISSION – JOB SECURITY, NOT BEST PRICE

***On 3 November, following extensive and often accurate speculation in the press regarding the implications of the massive state funding and support received by the Royal Bank of Scotland Group, the outcomes of the European Commission were finally announced. The bank confirmed a requirement to divest the RBS Insurance Division, Global Merchant Services, the RBS Retail Branch Network in England & Wales and the Natwest Retail Branch Network in Scotland.***

## Background to the E.C. Decision

As a result of the re-capitalisation of RBS in October 2008, further injections of cash since this date and the Group's participation of the Government's Asset Protection Scheme, the European Commission views the size, reach and market share of RBS to be anti-competitive. The decision to require the divestment of key Group assets is driven by i) a view that a majority state owned and funded operation cannot maintain such an anti-competitive market share and ii) a requirement to re-introduce competition and choice into the financial services sector. The financial services landscape in the UK looks very different to that of 18 months ago, with many independent names being taken over or swallowed up by larger competitors.

## Implications of E.C Decision

The announcement on the 3rd November inevitably raises more questions than answers, but key to the announcement is that the time-scales for divesting these assets is up to 4 years. It is currently unclear whether for example RBS Insurance will be sold as a whole Division or whether individual brands will be sold off i.e. Direct Line, Churchill etc. It is also not clear in the event of a divestment, which members of staff will be in scope of a transfer to a new employer, i.e. potentially not only staff directly employed within the Retail and GMS areas up for sale will be in scope of transfer, as some support functions etc may fall into scope. The method and mechanics of disposal, which could impact upon the protection of terms and conditions, are also

unclear at present and whether any transfer would be covered by TUPE legislation or not.

## Next Steps

UNITE will be meeting with RBS to discuss the implications of the European Commission decision and will be maintaining regular dialogue with the Group regarding a situation which potentially impacts 20,000+ members of staff. The main difficulty is that many of the questions that UNITE and its members have regarding these divestments may not be able to be addressed until buyers for these assets are identified and these discussions begin to progress.

UNITE currently has a number of Workplace Representatives within the in-scope areas and we will look to involve our Workplace Representatives from these areas in discussions with the bank. It is vital that UNITE ensures that the membership and organisation within the in-scope areas is strong both leading up to any potential transfer to a new employer to secure through negotiations good terms and conditions and post transfer to ensure that staff have an effective voice and representation with any new employer. If any members from the in-scope areas are

interested in finding out more about becoming a Workplace Representative, please contact the UNITE RBS Helpline or e-mail [rbsinfo@unitetheunion.org](mailto:rbsinfo@unitetheunion.org).

## UNITE Comment

It is true to say that the decision of the European Commission was largely out of the hands of RBS; however the Group are responsible for causing the conditions that gave rise to the European Commission's involvement and ultimate decision to order the divestment of key assets. On top of the events of the last 18 months, this position brings additional uncertainty to UNITE's members working within the in-scope areas. UNITE's position is clear, simply securing the best price for these assets is not an acceptable goal, the job security, plus the protection of the terms and conditions of any transferring members are the paramount issues of any divestment. Potential buyers must be able to demonstrate a desire to grow the businesses that they are looking to acquire and not achieve cost savings by stripping out jobs and benefits. UNITE will continue to communicate with its members within the in-scope areas as developments unfold.

## Not a Member?

Join Unite's two 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](mailto:rbsinfo@unitetheunion.org), plus you can join on-line at [www.unitetheunion.org](http://www.unitetheunion.org).

WORKING FOR YOU IN THE ROYAL BANK OF SCOTLAND GROUP

Stuart Davies & Alison Maclean – Joint Lead Officers

UNITE RBS Helpline – 0870 241 4425