

RBS PENSION UPDATE

CONSULTATIVE BALLOT OUTCOME & SEVERANCE TERMS ADVICE

Following the announcement by RBS in August regarding proposals to make changes to the Defined Benefits (DB) Pension Scheme which could devastate retirement benefits for tens of thousands of members, UNITE and RBS entered into a period of consultation. Alongside these consultations UNITE ran a consultative ballot of its members within RBS via the Catalyst Publication, asking members whether they would be prepared to be balloted for Industrial Action in the event that RBS did not make significant improvements to the proposals.

CONSULTATIONS

Throughout the consultation period the business rationale for making such changes to the DB Scheme was challenged by UNITE. The bank refuted the union's charge that such changes were simply designed to encourage members to opt out of a superior DB Scheme and either take the 15% additional benefit funding or opt into the Retirement Savings Plan (RSP). UNITE also argued that the bank had used information based on when the Pension Scheme funding was at its lowest (March 2009), with this information being effectively out of date at the point of consultations. UNITE argued that the fund would recover as markets picked up and the UK emerged out of recession. Whilst the bank did not refute this point, differences existed in respect of the pace and extent of any such recovery of the fund. The bank also rejected a number of counter-proposals tabled by UNITE. Following the last consultation meeting on 19th November 2009, the bank confirmed the intention to impose the proposals without agreement and this position was subsequently communicated to staff.

CONSULTATIVE BALLOT

Following the announcement of the bank's proposals, the RBS National Company Committee (NCC) agreed at a meeting in August that a Consultative Ballot would run alongside the consultation period, to establish whether members would be willing to be balloted for Industrial Action in the event that the proposals were not significantly improved. The ballot was distributed via the Catalyst Publication to all members at home addresses and the closing date for the ballot was the 23rd November.

Following the closure of the Consultative Ballot a number of discussions took place within the NCC in respect of next steps, taking into account the ballot result and turnout. The ballot result was 96% in favour of being balloted for Industrial Action; however at the National Company Committee meeting on the 14th January, following a detailed discussion, the NCC decided against seeking authorisation for an Industrial Action Ballot. This decision was taken as a result of a below expected turnout in the Consultative Ballot delivering an insufficient mandate from our members to seek such action. This decision was communicated via the Workplace Reps, but formal communication to members has been delayed due to the complex nature of the legal advice around severance terms.

NEXT STEPS

The bank have sent letters to staff who are over 50, but less than 55 in respect of their pension options in light of the recent legislative change on the 6th April, as well as posting details on Insite to all staff regarding their option of retaining their existing pension arrangements or opting for alternative measures. The bank opened an RBSelect window for the month of March for staff to make decisions around pensions, including the opportunity to opt out of the DB scheme. A further opportunity to make such a decision will be presented each August through the normal RBSelect window. UNITE cannot advise members on their choices in respect of pension provision and this is a decision that should be taken carefully, members should be aware though that once someone opts out of the Final Salary DB scheme, **they are unable to opt back in at a future stage.**

STUART DAVIES & ALISON MACLEAN – JOINT LEAD OFFICERS

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PAY AND PENSIONS

The bank confirmed as part of the pension proposals that have been imposed, that future pay rises are conditional upon accepting that the pensionable element will be capped. This has not been agreed by UNITE, as no agreement was reached over pensions, nor was it agreed as part of the Pay 2010 deal. A separate newsletter was issued on this issue and can be found on the RBS pages of the UNITE website, www.unitetheunion.org.

PENSIONS AND REGIONAL ALLOWANCE

When the bank announced the pension proposals, they confirmed that in a change to policy, for those members who are currently in one of the Final Salary Schemes, the employee pension contribution and employee pension charge would be equalised. UNITE raised concerns with the bank that for those members that have had Regional Allowances consolidated, this would result in a loss of residual cash. The bank subsequently confirmed that a Local Pension Adjustment equal to 15% of the consolidated Regional Allowance would be introduced to ensure that members were not worse off in terms of total cash.

SEVERANCE AND EARLY RETIREMENT

As part of the proposals, the Bank have reduced the redundancy pay terms for those members of staff opting for an immediate non-actuarially reduced pension on redundancy, from two weeks' pay per year of service to one week's pay per year of service or statutory redundancy if greater. A number of members have contacted UNITE regarding whether they should be raising letters of objection, as was the position when the Bank proposed changes to the redundancy pay terms in October 2006.

Some members continue to want to be subject to their pre-October 2006 terms. A number of these members objected when the Bank attempted to vary their contracts of employment in October 2006 and if you objected prior to 1st March 2008, then there is no requirement to take further action. However, some members did not object at the time even though they did not want to be subject to the terms proposed by the Bank in October 2006. Some members, on the other hand, chose to accept the proposed change to their contracts of employment in October 2006 and therefore became subject to the new post-October 2006 redundancy pay terms. It is these terms that the Bank is now proposing to reduce.

We would advise all members who want to continue to be subject to their pre-October 2006 terms to write to the Bank objecting to the Bank's attempts to vary their contracts of employment. These members should send a completed copy of "letter 1 (pre-October 2006 terms)" to the Bank. If the Bank responds reasserting its position, please send a completed copy of "letter 2 (pre-October 2006 terms)" to the Bank. Members should note that an objection in these terms would be to the Bank's proposed unilateral change of their pre-October 2006 redundancy pay terms and NOT their post-October 2006 redundancy pay terms.

We would also advise all members who want to continue to be subject to their post-October 2006 terms to write to the Bank objecting to the Bank's attempts to vary their contracts of employment. These members should send a completed copy of "letter 3 (post-October 2006 terms)" to the Bank. If the Bank responds reasserting its position, please send a completed copy of

"letter 4 (post-October 2006 terms)" to the Bank. Members should note that an objection in these terms would be to the Bank's proposed unilateral change of their post-October 2006 redundancy pay terms and NOT their pre-October 2006 redundancy pay terms.

Samples of the letters are contained within this newsletter and should be addressed to Pay Review Team, Pay and Benefits, Implementation and Change Manager, Royal Bank of Scotland Group plc, 3rd Floor, 1 Hardman Boulevard, Manchester, M3 3AQ. Members should keep copies of the letters sent and the replies received back safely. If you are being made compulsorily redundant and you do not agree with the severance terms that you are being offered, you should contact the union for further advice. If you accept voluntary redundancy based on the new terms that are being offered, then you will be deemed to have accepted these new terms.

UNITE COMMENT

UNITE maintains that the decision to impose changes to the retirement benefits of circa 60,000 members of staff without seeking a negotiated settlement is short-sighted. RBS argue that the scheme has remained open and their proposals do not go as far as other employers in the finance sector, such as HSBC or Barclays, although the fact remains that improved measures could have been agreed and implemented which balanced the future security of the scheme with the retirement benefits of members. The unwillingness to negotiate highlights in UNITE's view the end game of the bank to significantly reduce the number of staff who are members of the DB scheme.

It is regrettable, and many members will be angry that collectively the union and its members have been unable to challenge these proposals with at least a ballot for Industrial Action; however the NCC had to make an informed decision based upon the ballot result and turnout, concluding that with a lower than expected turnout in the Consultative Ballot, this provided an insufficient mandate from our members. The DB scheme does remain open, albeit with a cap on pensionable rises, but UNITE will continue to challenge the employer through the annual pay round and regular pensions meetings to increase or remove these caps, an argument that will grow stronger as the liabilities of the scheme reduce against assets and the bank reign in their contributions, although the challenge to drive these caps upwards is not under-estimated. As ever UNITE welcomes any feedback via rbsinfo@unitetheunion.org.

UNITE UPDATES

This newsletter has been sent to all members at home addresses; however if you would like to receive regular updates electronically from the union, please e-mail from your preferred e-mail address to rbsinfo@unitetheunion.org.

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, plus you can join on-line at www.unitetheunion.org.

LETTER 1 (PRE-OCTOBER 2006 TERMS)

Dear Sirs

I understand that you wish to introduce amendments to the existing redundancy terms which are contained in the collective agreement relevant to my employment.

The existing terms are incorporated into my contract of employment and I do not wish to accept any variation to them.

For the avoidance of doubt my existing redundancy terms pre-date those proposed by you in October 2006, which I also did not accept.

I intend to pursue my existing redundancy entitlements in full.

Yours sincerely

[NAME OF MEMBER]

LETTER 2 (PRE-OCTOBER 2006 TERMS)

Dear Sirs

Il write in response to your letter of [date].

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[NAME OF MEMBER]

LETTER 3 – (POST-OCTOBER 2006 TERMS)

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[NAME OF MEMBER]

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