



**IBOA –
THE FINANCE UNION**

ULSTER BANK: YOUR FUTURE

MEMBERS' INFORMATION BRIEFING

You have received lots of information from the Bank's senior management and IBOA over the last two weeks.

This briefing is likely to be the most important document you will have to read in your working life.

The briefing examines the Bank's proposals for:

- the new contract and the implications for you;
- pay and the implications for you; and
- pensions and the implications for you.

The briefing also outlines the process of the negotiations and IBOA's legal challenge to the Bank.

By reading this briefing, I trust you will understand why IBOA is advising members not to sign but, instead, to opt to retain your current terms and conditions and join the Union's legal challenge.

**Larry Broderick
General Secretary**

New Contracts: The Facts

- Independent legal advice makes it clear that the new contract will radically worsen your pay, your pension and your terms and conditions of employment into the future.
- According to Thompson McClure, solicitors in Northern Ireland, the contract gives *“the employer the widest possible discretion to make any changes to terms and conditions that they consider ‘reasonable’ in the future.”*
The advice goes on to state that the clause to unilaterally alter or withdraw the terms of the benefit scheme ‘without notice’ *“seems to go even further in that it ignores even the minimalist requirement in the Employment Rights (Northern Ireland) Order 1996 that employees must be notified of any changes to their main terms and conditions of employment.”*
- According to Bowler Geraghty, solicitors in the Republic of Ireland, the contract *“gives the Bank the right to make what they consider to be reasonable changes to any of your terms and conditions into the future without your agreement. This is highly unusual and makes all of the Bank’s commitments in the contract questionable in the future.”*
Any assurances from the Bank that changes will not be made unilaterally to the contract in future are absolutely worthless unless they are written into the new contract itself.

- Some existing staff contracts contain clauses that appear to give the Bank’s senior management similar discretion to change their terms and conditions of employment. But staff on these contracts have an additional protection against unfair treatment – the body of collective agreements negotiated by IBOA over a number of years.
- In the new contract (Section 28 in the Republic of Ireland and Section 27 in Northern Ireland) all your entitlements under existing agreements between Ulster Bank and IBOA are removed.
- The Bank’s senior management has not tried to contradict the independent legal advice. Management representatives simply offer verbal assurances that the new powers will not be used. But our legal advisers have already pointed out that these verbal assurances are meaningless.
- It is clear now that the Bank’s negotiating team deliberately collapsed the mediation process. How else could it have all its communications prepared between the afternoon of October 8 and the morning of October 9? As the contracts were dated October 9, the only possible conclusion is that the negotiations were conducted in bad faith by the Bank, with the sole intention of introducing inferior contracts of employment. Can staff really trust an employer who behaves in this manner?

For the full legal advice: see <http://www.iboa.ie/ulster-bank/comms/2009/11/03/contracts-independent-legal-advice-ni/> for Northern Ireland and

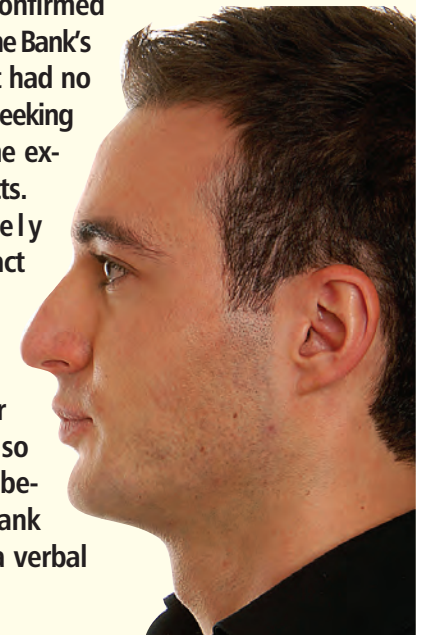
<http://www.iboa.ie/ulster-bank/comms/2009/11/03/contracts-independent-legal-advice-roi/> for the Republic.

New Contracts: Comment

Since issuing the new contract, management representatives have claimed they will not use its provisions to impose unilateral changes on your terms and conditions of employment in the future. If that is genuinely management’s intention, then why not remove the clauses in the new contract that give them those rights?

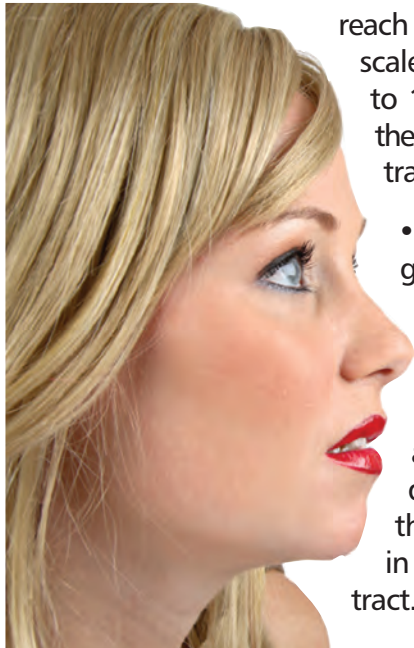
At no time during the negotiation and mediation process did the Bank’s senior management ever declare an intention to introduce new contracts. Indeed the opposite is true. Just a few weeks before the contracts were issued, the Bank’s chief negotiator confirmed to IBOA that the Bank’s management had no intention of seeking changes in the existing contracts.

Ultimately the contract issue comes down to one question – Given all your experience so far, do you believe the Bank will honour a verbal assurance?



Pay: The Facts

- The Bank senior management's proposals on pay and PEF will have a major impact on your potential earnings in the future.
- The new contract will give the Bank management total discretion to decide whether any pay increases are to be paid.
- The new contract will also dramatically worsen your progression within your existing scale.
- Under the new arrangement, staff on a rating of 3 will take 33 years to reach the top of the scale (compared to 15 years under the existing contract).



- Salary progression for staff on ratings over 3 will also be extended to a substantial degree under the proposals in the new contract.

- In the past senior management has accepted that payments under PEF are contractual. Even though they now deny this, they have still inserted a clause in the new contract which removes your contractual rights (just to be sure!)
- Under the new contract, many staff are being asked to give up their right to overtime as well as further worsening of their terms and conditions of employment. The new contract will allow the Bank to use these staff as managers without having to promote them even to the BM1 grade – so avoiding paying the appropriate rate for the job, let alone overtime.

For further information on these issues see: www.iboa.ie/ulster-bank/comms/2009/10/20/banks-proposed-matrix-iboa-evaluation/ or www.iboa.org.uk/ulster-bank/comms/2009/10/20/banks-proposed-matrix-iboa-evaluation/

Pay: Comment

In the past, senior management always said that the 10% profit share was an integral part of your pay (to make up for the poor basic rates compared to other retail banks in Ireland).

So why should you accept money you are already entitled to in order to give up, among other things, your rights to a pay increase every year along with your PEF increase and your profit share?

Do you trust the Bank to pay you your entitlements in the future, given the way they are treating you to-day?

Discrimination: The Facts

- The vast majority of RBS staff in the UK have been paid the 10% allowance without any pre-conditions or trade-offs.
- Staff at other RBS subsidiaries in Ireland like Lombard Ireland, RBS Technology Services, and InterGroup have also been paid the 10% allowance.
- No other staff in RBS have been asked to sign new contracts to receive the 10% allowance.
- No other staff in RBS have been asked to agree changes to PEF in return for the 10%.
- No other staff in RBS have been required to accept a change in pensions in return for the 10%. Elsewhere in RBS, the pension issue is being discussed separately.

Discrimination: Comment

Ulster Bank alone is making the payment of the 10% allowance conditional on changing your contract (and with it, your pay, pensions, terms and conditions of employment in the future).

Why should you be forced to make these major changes to your working conditions when other RBS staff did not have to. Is this a management team you can trust for the future?

Pensions: The Facts

- The Bank's management say that changes are needed in the Pension Scheme. That may be the situation. If so, IBOA confirmed in a letter to the Bank on April 7, 2009 that we would sit down and seek a solution – as we have with any other employer who has approached us to negotiate changes.
 - But the Bank has provided no information on the size of the problem or why their current proposals are the only possible solutions to it.
 - The Bank's senior management has breached legislation in both the Republic of Ireland and the UK by not consulting with the Union on these pension changes.
 - The Bank's proposal to offer a cash incentive in order to secure significant changes in pension provision may also be unlawful.
 - The Bank is also ignoring the Pension Trustees, the Pensions Regulator and the rules of the pension scheme by linking changes to the scheme to the new contract.
 - The proposal to cap your future annual rises in your pensionable pay at a maximum of 2% will dramatically reduce your pension benefits on retirement. In some cases the cap could result in a pension worth only 20% of what is currently expected under the existing pension arrangements.
- As for the Bank's proposal to alter the terms of the Pension Scheme for those staff who refuse to sign up to the pensions cap, the change in accrual rate from 1/60th to 1/80th has not been agreed, explained or justified to the staff, the Pension Trustees or the Union.
 - The Bank has guaranteed some members of the Pension Scheme that they will not be asked to accept any change in their pension arrangements if they don't sign the new contracts. Why aren't all staff being offered this guarantee?
 - The pension changes are not due to come into effect until 2010. Yet the Bank's senior management is demanding that staff sign up to the changes by Friday November 13.
 - IBOA has written to the Pensions Board in the Republic of Ireland and the Pensions Regulator in the UK setting out a number of key serious concerns – including the lack of information being made available to the staff and Pension Trustees and the extremely short time-scale to make such a major decision.
 - IBOA has also met the Pensions Ombudsman in the Republic of Ireland to outline members' concerns.
 - If staff sign the new contract, it will have major implications for their pension on retirement.
 - If staff do not sign the new contract, any changes in the pension scheme can only be made with the agreement of the Pension Trustees.

Pensions: Comment

The Bank claims that the changes it is seeking to the pension arrangements are fair. But how do members of staff know that?

The Bank is expecting staff to make potentially life-changing decisions about pensions. Yet the Trustees of both the Northern Ireland and Republic of Ireland pension schemes have stated they do not have enough information to take any decisions.

If the Pension Trustees cannot make a decision because of inadequate information, how can members of staff be expected to?

IBOA has provided generic examples of the impact which have been worked through for us by a firm of actuaries. The examples can be found at: http://www.iboa.ie/download/pdf/pension_examples.pdf

Finally, would you be allowed to sell a pension to a customer in the same way the Bank is trying to persuade you to change your pension – by providing totally inadequate information and by imposing an impossible deadline?

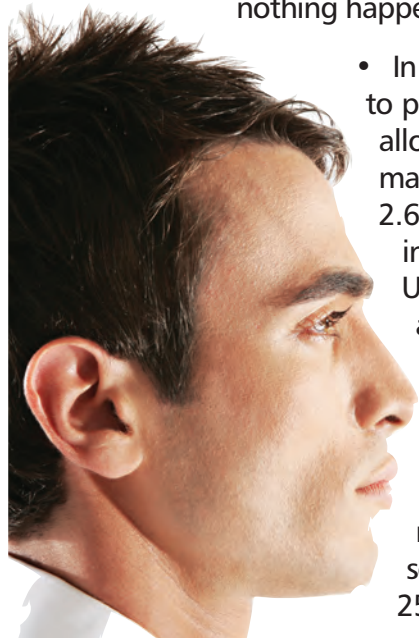


The Negotiations: The Facts

- In January negotiations on pay for 2009 begin – senior management claims inability to pay any increases for 2009.
- At the end of January senior management announces its intention to seek 750 voluntary redundancies.
- In February negotiations on redundancies begin with senior management committing to address pay for staff – but despite several attempts by IBOA to progress the pay talks in parallel with the redundancy negotiations, nothing happened.

- In April RBS decides to pay staff the 10% allowance, agreed matrix awards and a 2.6% cost of living increase – but Ulster Bank management again claims inability to pay.

- In August the Bank's senior management seeks a further 250 job losses.



- In August 2009 when the Bank really engaged on pay for the first time, IBOA and senior management agree to refer the issues to independent mediator, Kieran Mulvey. Senior management states that its objective for the pay talks is to secure a pay freeze and also seeks discussions on changes to pensions.
- In September the mediation process under Mr. Mulvey begins – with an agenda covering pay, PEF, profit share and pensions.
- On October 5, at a meeting between IBOA, the Bank and Mr. Mulvey, senior management agrees to set out its proposals to Mr Mulvey by October 7 - but subsequently requests an extension to October 8.
- On October 7, IBOA agrees with Mr. Mulvey that he will meet Bank representatives on October 8 and revert to IBOA with their position.
- On October 8, Mr. Mulvey meets management representatives who inform him that they have reached a “final position” – which they will put to staff directly without further discussion with IBOA or the mediator.
- During the following week senior management representatives also walk away from negotiations with SIPTU.
- Since then, senior management has refused invitations to return to mediation under Mr. Mulvey or to allow the National Implementation Body in the Republic to help to broker further talks with IBOA and SIPTU.

The Negotiations: Comment

The Bank's senior management claims that the pay negotiations had been on-going for 10 months. This is untrue: because for seven of those months management refused to agree any meetings to progress the issue.

When talks finally began in earnest under Mr. Mulvey, management wanted to have 2009 and 2010 pay combined. IBOA was happy to discuss pay for 2010, but wanted outstanding issues for pay in 2009 concluded in line with the commitments given in the One Bank Agreement.

After indicating all along that it was unable to pay anything for 2009, senior management was suddenly able to offer the 10% allowance – which IBOA had been seeking all along.

But the Bank's “final offer” of October 8 contained a number of elements which were never discussed with IBOA – such as the dramatic changes to the contract. Subsequently the Bank added another proposal – to change the accrual rate in the pension scheme from 1/60th to 1/80th – which had also not been discussed with the Union.

It is clear now that the senior management's strategy all along was to withhold your 10% allowance (even though it had been paid to other RBS staff in Britain and Ireland) so that it could be used as a “bribe” to persuade you to agree to far-reaching changes in your future pay, pensions and terms and conditions.

IBOA's Alternative

- In view of the substantial co-operation of staff in Ulster Bank this year, IBOA asked the Bank to agree to pay staff in Ulster Bank the 10% allowance; honour the existing PEF awards for 2009; and to discuss pay for 2010, a new matrix and pensions separately. This was a reasonable and responsible position.
- Instead the Bank has asked staff to accept the 10% allowance in return for:
 - no cost of living increase 2009 and 2010;
 - a new matrix which is significantly worse than the existing contractual matrix;
 - a new contract which is substantially worse than the existing contract; and
 - a dramatically worse pension on retirement.

Job Security

- The Bank has re-assured staff that only the profitable parts of RBS are to be sold off. But remember RBS is reviewing:
 - outsourcing Manufacturing to India;
 - the role of CSOs and Team Leaders in RBS Retail;
 - all loss-making parts of RBS; and
 - all non-core parts of Ulster Bank.
- Ulster Bank has refused to extend the current agreement with IBOA on no compulsory redundancies beyond the end of this year.

For more see www.iboa.ie/ulster-bank/comms/2009/10/27/job-security-frequently-asked-questions/

Legal Action

- In order to secure our members' existing contractual entitlements to the 10% allowance and PEF awards, IBOA is sponsoring legal claims in the Republic of Ireland – through the Rights Commissioner service – and Northern Ireland – through the High Court.
- IBOA is also taking another legal challenge to the Industrial Tribunal in Northern Ireland on the grounds that Ulster Bank is trying to induce staff to forgo their entitlement to collective bargaining by signing the new contract.
- Contrary to what is being suggested by some senior managers in the Bank – the decision of the High Court cannot simply be ignored. The Bank is not above the law!
- All costs associated with the actions will be met by the Union. Members will not be individually liable. Members do not have to attend the court proceedings.
- **Sign Up to the Legal Challenge – Not the Contract:** It is important that members sign up to all the legal challenges being taken through the courts and do not sign the new contracts.
- Consent forms for the Union's legal challenge are available at:

Republic of Ireland: <http://www.iboa.ie/download/pdf/20091027093923.pdf>

Northern Ireland: <http://www.iboa.ie/download/pdf/20091025200859.pdf>

To sign or not to sign – it's up to you!

Of course, the decision on whether to sign the Bank's proposed new contract is yours. And whatever you decide, the Union will be there to protect and represent you into the future – despite the Bank's unlawful attempts to marginalise IBOA.

Of course, if you sign the contract, it will make our task more difficult. That is why we recommend that you do not sign the contract – and that you also sign up to be part of the Union's legal claims.

99% of members voting in the recent ballot said they wanted a negotiated settlement of the current problems with the Bank. Not signing the contract is the way to achieve that.

If staff refuse to sign, there will have to be further negotiations – since the Bank cannot change your contract on pay, pensions and terms and conditions without your agreement.

For those who opt to remain on the existing contracts, IBOA will be taking action:

- Legal action to protect your contract;
- Legal action to prevent it using its power over you to deny your right to union representation;
- Appropriate action to ensure you are treated with respect, equality and fairness in future.

If this is such a good offer why is the senior management exerting so much pressure on staff to accept it. If the decision is truly voluntary, as the Bank claims, then why don't they give you a real choice by agreeing to honour your existing contract when you don't sign the new one.