



UNISON briefing to MPs on the decision by British Gas to serve notice on all its employees by the issuance of a Section 188 letter and the serving of a formal notice to end its recognition agreements with UNISON and the GMB.

UNISON represents thousands of energy workers in British Gas. It is UNISON's largest private sector employer and is recognised within the staff collective in which it is the largest trade union. Members traditionally work (although not exclusively) in British Gas offices across the UK performing a range of functions largely dealing with British Gas customers. We have a many members who work part time.

British Gas is the main business of its parent company Centrica. It is the largest energy supplier in the UK and also provides energy related services to homes and business throughout the UK. It currently has some 12.5 million customers and 16,500 employees under collective arrangements.

British Gas customer numbers have been on a downward trajectory for some time due to intense competition by loss making rivals and overall reductions in energy demand. Its profits have also taken a significant hit with the introduction of the energy price cap and other regulatory interventions.

In addition, Centrica has been hit by falling global energy demand and the wholesale markets in Gas being subdued for a period of time. It has been trying to offload its upstream oil and gas production business (Spirit Energy) and its stake in the UK's nuclear power stations to no avail and the subsequent value of these businesses has fallen. It has recently managed to secure a sale of its US energy supply business.

UNISON would contend that Centrica and British Gas have made a series of strategic errors over the past few years which we have previously raised concerns on. It is the culmination of these strategic errors which has resulted in the current problems within the present business. These errors include;

- **Huge investments in its Gas and Oil upstream business, which it is now having to write down**
- **Hugely overstating the potential of its HIVE division to generate revenue growth and profits**
- **Continuing to pay massive dividends to investors despite its customer facing business (British Gas) needing investment. Dividend payments are now suspended**
- **Continuing to pay out top quartile executive reward packages and bonuses, despite failing strategic decision making and a rapidly falling share price**
- **Inability to action the sale of its Spirit Energy and its stake in its nuclear generation business.**

- **Failure to respond to changes in customer behaviour and rival competitor operators and failing to invest in its own customer and service business.**

Centrica is now looking to simplify its business and focus on its British Gas operations, as a means to driving growth and profits. It has unfortunately decided, that to do this it must reduce the cost of its workforce and so has come to the conclusion that it needs to attack its trade unions and its employees together by forcing workers onto inferior terms and conditions of employment. This is an unprecedented attack by the business on what have been a loyal and productive workforce and a total U-turn on how it its former constructive relationship with its trade unions and employees.

UNISON is clear that it was a calculated move by Centrica to serve notice on both its recognition agreements with the trade unions, and the S188 notice on all employees. The s188 letter essentially gives advance notice that an employee intends to dismiss staff. Centrica has sent that notice to all employees. The business has claimed that somehow they were provoked into issuing these notices but this is untrue and does not recognise the previous years of strong engagement between the respective parties. The sequence of events driven by Centrica has been primarily designed to provoke a conflict with the trade unions and in doing so, makes it easier to ultimately conclude its plan to dismiss and then re-engage its workforce on reduced terms.

British Gas is a strongly unionised business with over 70% of the workforce belonging to a recognised trade union. It has decent employment conditions although not market leading and has a loyal workforce. In recent years, substantial cost reductions have been achieved which have included; reduced headcount of many thousands, site closures, changes to work type and hours of operation and reductions in employee pension's schemes. All of these have been achieved via negotiation and agreement with the respective trade unions in the business. They may not have been easy negotiations but ultimately consent was given by the impacted workforce to enable change to happen that allowed the business to make necessary efficiencies.

The business had already indicated at the beginning of the year that further changes were likely in 2020 and that the site consolidation programme would complete with further site closures and headcount reductions. UNISON was fully prepared to sit down and reach further agreement with the business on these changes. This was a reasoned expectation.

The COVID-19 pandemic has clearly brought about increased costs to British Gas although the business has remained largely operational. We have worked closely with the business to manage the impacts of COVID and to ensure staff could remain operational while being safe. The mobilisation of the workforce in the early weeks of the crisis was testament to the ability of the business and trade unions to reach agreements quickly and in the face of difficult circumstances.

What Centrica is now trying to achieve and its rational for doing so lacks integrity and in its current shape will provoke a serious dispute. It has already caused significant distress to employees and many are angry that the timing looks deliberate with so many staff still working from home due to COVID conditions.

Alongside the business serving notice on its recognition agreements with the trade unions, the following changes to employees terms and conditions of employment is proposed by the business:

- **New pay points for all employees which will mostly be lower than their current base pay forcing the vast majority of staff into years of frozen pay arrangements seeing no increase nor allowing the trade unions to negotiate increases for these employees**
- **Reductions in annual leave days for the majority of staff**
- **Reductions in sickness provisions for the majority of staff**
- **Requirement that employees must participate in the company private healthcare arrangement to receive company sick pay as opposed to statutory sick pay which is far inferior**
- **Removal of contractual redundancy pay which is significantly enhanced above statutory redundancy pay**
- **Changes to a variety of incentive and legacy additional payments to be replaced by largely inferior schemes and introducing a new share buying incentive for staff (despite these staff having already seen any shareholdings in Centrica diminish significantly)**
- **A longer working week increasing the weekly hour's requirement from 37 to 37.5 or more without additional remuneration so reducing the hourly rate of employees.**
- **A requirement to be available to work from 6am -11pm 7 days a week without any additional premium payments and no right to refuse**
- **Reduction in the overtime rate to a flat plain rate at all times**

These are just the core changes that affect the majority of staff. Many more detrimental changes are proposed which could see employees significantly worse off.

The business has been clear, failure to arrive at an agreement on these changes will lead to the business dismissing employees and forcing them to accept new reduced terms contracts or finding themselves out of work without any redundancy (or redundancy payment) having taken place. This is totally unacceptable, unnecessary and unprecedented in the long association of our union within British Gas.

As a trade union with thousands of members in the business, we intend to negotiate with Centrica with integrity and the full support of our membership. We know that any industrial dispute will be damaging to all parties concerned but ultimately if the changes the business is seeking to impose are not significantly improved, a dispute is a likely outcome providing that this what members decide to do in a legal industrial action ballot.

The law in its present form unfortunately allows the dismissal and re-engagement of employees on inferior terms and without compensation and this needs changing in Parliament to prevent the few examples (ASDA, British Airways) becoming the norm and reducing the standard of employment for all workers throughout the UK. Currently a Private Members Bill (132) seeking to revoke this law, has been tabled by Gavin Newlands MP.

Centrica would have others believe that this is about the survival of the business. It is not. We recognise that change is required to ensure the business can manage itself through a difficult period and develop and want to work constructively with the business. UNISON would have reached agreement on further changes and in doing so negotiated reforms in good faith. It is worth remembering that it is our member's jobs and livelihoods at stake, not simply the future of Centrica.

As a business Centrica has wasted £billions over the past decade and continued during that time to make massive payments to investors. Its decline is not sudden and yet the business has under the smoke screen of an international pandemic decided opportunistically to attack its own loyal workforce and the trade unions that will defend the workforce. This is disgraceful behaviour. We have asked the business to rescind the S188 notice pending negotiations but they have rejected this request.

What are we asking for assistance on?

1. You can help by putting pressure on the business to rescind the S188 notice and giving an opportunity for the trade unions to negotiate in good faith and without the inflammatory threat of both instant dismissal of staff and revocation of our trade union recognition agreement. They are saying publically they have no intention of carryout out the threats contained within the notices but if that is the case why issue them at the beginning of the discussions and why not rescind the notice if they understand that it will enable a more positive atmosphere to prevail in negotiations.
2. We are also asking for your intervention to raise concerns with the business about the impact the proposed changes will have on employees which are significantly worse than they are at present and for many lower earning employees will cause significant financial hardship.
3. We would also ask that you raise these matters with a wider group of stakeholders and ask questions in Parliament on the provocative and damaging behaviour demonstrated by Centrica and British Gas.
4. Consider ways in which the law can be changed to remove the ability of a business to simply dismiss loyal employees and re hire them on lower terms without consequence. We would ask you to support the **Gavin Newlands sponsored private members bill – Employment (Dismissal and Re-employment) Bill 2019-21 (132)** which seeks to prevent employers using the fire and rehire option.

If you need further information please contact UNISON's National Officer for Energy – Matthew Lay via email m.lay@unison.co.uk