

LTU Meets UKFI To Discuss Bonuses

LTU met with representatives from UK Financial Investments Ltd (the body set up to look after taxpayers' investments in UK banks) today to discuss the payment of bonuses for staff in the Lloyds Banking Group. This meeting follows LTU's campaign of getting members to write to their MPs to get them to press the Government to give staff the full bonuses they earned in 2008.

Alistair Darling, the Chancellor of the Exchequer, has said that the deal agreed recently for the payment of bonuses for staff in the Royal Bank of Scotland would be applied to other Banks where taxpayers have a significant holding. It is also clear from recent reports that participation in the Government's Asset Protection Scheme is also being linked to the issue of bonuses for 2008/9 and beyond.

In the Royal Bank of Scotland no discretionary cash bonuses are being paid in 2009 for performance in 2008. Those staff who are deemed to be essential to the recovery of the Bank will get their bonuses deferred until June 2010 at which time they will be released in three equal annual instalments payable in shares and not cash. There will be a pay freeze for staff in the RBS Global Banking and Markets Division, which is based in Edinburgh and London. All managerial grades in RBS have been told that they will only get salary increases below the rate of inflation.

In our representations to UKFI, LTU made a number of key points:

- 1. Full recognition should be given to the fact that Lloyds TSB Staff should not be blamed for mistakes made within HBOS before both banks merged. In fact, the Bank is expected to announce on Friday that Lloyds TSB made a profit of £1.3 billion last year.**
- 2. There can be no excuse whatsoever for applying retrospective penalties. If Managers and Staff met Balanced Scorecard objectives for 2008, these should not be withdrawn two months into 2009.**
- 3. Equally, it would be wrong to punish through the withholding or deferral of bonuses any Managers or Staff who have had no influence or bearing on any strategic matters that might have led to past losses.**
- 4. LTU and the Bank have established - through collective negotiation and agreement - arrangements for Pay and Bonuses. It would be unacceptable for the Government to seek to trample all over these collective arrangements, forcing Top Management to break its agreements with LTU.**

We are expecting that the outcome of these discussions between the UKFI, the Bank and LTU shortly.

IAN PARTRIDGE
General Secretary