

LTU Meets UKFI On Bonuses

This Wednesday, LTU met UK Financial Investments (UKFI), the body set up by the Government to oversee its stake in Lloyds and RBS. LTU argued that there should be no restrictions on either bonuses or pay rises due to Lloyds TSB staff.

We emphasised that:

- **Lloyds TSB staff should not be penalised for mistakes made in HBOS before both banks merged.**

Today, Lloyds TSB announced a profit of £807 million for last year, £2.4 billion on a continuing Lloyds TSB business basis, and it would be wrong to penalise Lloyds TSB staff for events that happened in a bank they did not work for, when their own employer made a substantial profit. We asked UKFI what fairness it would see in that?

- **There could be no excuse whatsoever for applying retrospective penalties. If Managers and Staff met their Balanced Scorecard objectives for 2008, bonuses for that year should not be affected two months into 2009.**

Retrospective penalties are never equitable. In 2008, Lloyds TSB staff expected to be paid in line with performance. They did perform and it would be indecent to penalise them just to satisfy the media and opportunist politicians.

- **Equally, it would be wrong to punish, by withholding or deferring bonuses, Managers and Staff who have had no influence or bearing on any strategic decisions that might have led to significant past losses.**
- **Bonuses are not merely undeserved gifts to staff, but instead represent deferred pay.**

Over the last 15 years the Bank has reduced basic pay as a percentage of earnings and replaced it in part with performance related bonuses. To take away hard earned bonuses now is going to hit staff twice.

- **UKFI shouldn't try to disrupt Lloyds TSB's basic pay arrangements either.**

Last year LTU and the Bank reached a freely negotiated agreement, which this year should see staff and managers getting awards from a 4% pay pot.

Ian Partridge
General Secretary