

PRESS CUTTING

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PM'S EMPTY WORDS IN PENSION UPROAR

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GORDON Brown's claim that he will use legal action to claw back banker Sir Fred Goodwin's £693,000 pension was exposed as a hollow boast last night.

Top City employment lawyer Ronnie Fox warned that any bid to confiscate Sir Fred's reward for failure would be against Labour's controversial Human Rights Act.

The development came as pressure from both Labour and the Conservatives grew on City Minister Lord Myners to quit.

Sir Fred claims the peer approved the stunning retirement deal when he stepped down as chief executive of RBS last October after it was bailed out with £20billion of Government cash.

Earlier this week, RBS was forced to ask for more than £325billion in Government loan guarantees to cover its "toxic assets".



UNDER FIRE: Sir Fred Goodwin

Mr Brown said yesterday that the Government was "considering every legal means at our disposal" to stop Sir Fred claiming £13,000 a week for life from taxpayers.

Downing Street insiders have suggested that a special Act of Parliament could be brought in.

But Mr Fox said: "There is no way this is legally plausible. There is no way they can take peoples pensions away. You can't just pass laws to expropriate peoples property. If they tried to do it with legislation then the Human Rights Act would stop that.

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“The only option for the Government is to sue him for damages – and that would be very difficult to prove. The Government just wants to take peoples’ attention away from their responsibility for the economic crisis.”

Sir Fred, 50, has refused to hand back any of his £16million pension fund – despite the collapse of the bank he headed, costing taxpayers tens of billions of pounds.

RBS has just announced the worst losses in British corporate history and plans to axe 20,000 jobs.

Sir Fred claims Lord Myners twice agreed to the arrangements last year. The minister claims he only learnt of the deal last week – but pressure on him to quit was building last night.

Former Labour Cabinet minister Peter Hain became the first senior figure to criticise his party.

He said it was “astonishing” such a massive pay-off was not spotted.

Former Deputy Prime Minister John Prescott said that ministers had questions to answer.

“It’s something to address ourselves as to whether there was due diligence in this matter,” he told BBC Radio 4’s Today programme.

GMB union leader Paul Kenny said: “If Lord Myners agreed or even worse if he did not check what sort of pension he was going to get, he should go.”

Shadow Chancellor George Osborne said Lord Myners was in “a very difficult position”.

Ministers fumbled the chance to block discretionary payments to Sir Fred last year and it was “pathetic” of them to protest now, he added.

“Fred Goodwin is pretty clear the Government agreed to this arrangement. Certainly, the board agreed to this arrangement.

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“Of course our anger should be directed at Fred Goodwin for taking this pension. But it should also be directed at Gordon Brown and Paul Myners for allowing this pension to be paid out for failure – a £700,000-a-year pension in effect backed by the taxpayer.

“We should be angry that this row has further sapped confidence in the Government’s ability to handle the banking crisis which is at the heart of this recession.”

Downing Street insisted yesterday that the Prime Minister still had confidence in Lord Myners, a former City mover-and-shaker who has only been in the Government since last October.

But privately, many in Westminster are convinced that he may be soon forced out.

Downing Street attempted to push back last night, hinting that ministers may have been misled by the RBS board.

Senior figures at No10 suggested Lord Myners was told the deal could not be blocked and fingers were pointed particularly in the direction of the bank’s former chairman, Sir Tom McKillop.

According to one account, Sir Tom told the peer in front of a lawyer that the £16million pension pot was a contractual obligation. It has since emerged that the fund was doubled shortly beforehand.

Meanwhile, backbench Labour MP John Mann yesterday suggested that Sir Fred misled the Commons Treasury Select Committee about his pension arrangements when he appeared before its inquiry into the banking crisis earlier this month.

If it is proved that he was inaccurate, Sir Fred could be found to be in contempt of Parliament and have to appear under arrest at the doorway to the House of Commons to be formally reprimanded by the Speaker.