

Press cutting

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Brown savaged over plea to bank fat cats

By **Macer Hall** Political Editor

GORDON Brown was facing a backlash last night over his "inadequate" pleas to block bankers' bonuses.

The Prime Minister was reportedly furious over proposals to pay at least £1 billion in bonuses to staff at the bailed-out Royal Bank of Scotland.

In response the Government yesterday announced a review of bankers' pay and perks - but the full report will not be published for a year, it emerged.

Ministers also admitted that many bonuses would have to be paid because of employment contracts which were signed before the Government bail-outs.

Last night the Tories savaged the Government for failing to tackle the bonus culture. David Cameron said: "Bankers have to have a 'wake up and smell the coffee' moment. It is insulting, it is shameful, to take taxpayers' money and use it for bonuses."

Mr Brown yesterday claimed to be "sweeping aside" the bonus culture in financial institutions.

Punish

In a speech to economists, he said: "We should not condone but should punish irresponsible and excessive risk-taking. The 'no rewards for failure' policy will be pursued aggressively."

The row comes as it emerged last night that banks could face legal action by disgruntled workers if they are denied bonuses.

City lawyer Ronnie Fox said he was representing clients from several banks who maintain they are entitled to payouts despite the economic climate.

Barclays, which has not been given any Government money, said its executive directors would not receive a bonus this year.

Yesterday it also emerged that the Treasury was considering plans to put a £25,000 cap on any bonuses paid to banking staff.

Today four senior bankers will face a live TV grilling by the Commons Treasury select committee over the financial crisis.

Last night critics of the bonus culture highlighted the case of the Royal Bank of Scotland's new chief executive, Stephen Hester, who would reportedly get a pay-off of almost £4 million if sacked.

Mr Hester, brought in to revive the bank's fortunes, is believed to have a contract that would pay him for 21 months plus bonuses should he be ousted. Downing

Picture: JAMIE JONES



Bargains boost high street sales

BARGAIN hunters helped to boost the economy last month by splashing out on cut-price clothes, electronics and food.

Amid the bad weather many turned to home comforts, with spending up on baking ingredients, home improvements and sewing machines. High street sales

rose 1.1 per cent year-on-year in January, the biggest increase for nine months, with food sales up 5 per cent.

The figures were revealed by the British Retail Consortium, whose director general Stephen Robertson said: "They are surprisingly good and give us some room for optimism."

Street said that board members at bailed-out banks had been banned from taking bonuses.

Cabinet Minister Yvette Cooper, the Chief Secretary to the Treasury, said bankers had a moral duty to turn down bonuses. But she admitted RBS may be obliged to pay bonuses - despite being 68 per cent owned by the taxpayer.

●The Brown bounce following the banking rescue has fallen flat after Labour slumped to a six-month low in a new poll.

Labour are down five points to 28 since last month, while the Tories are down one to 42 and the Lib Dems have risen three to 18 in the Populus poll.

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