

PRESS CUTTING

Daily Mail

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MINISTER AT BAY OVER SIR FRED DEAL

BYLINE: BY JAMES CHAPMAN DEPUTY POLITICAL EDITOR

THE Treasury Minister who agreed an 'obscene' £693,000-a-year pension for disgraced banker Sir Fred Goodwin is facing mounting pressure to quit.

Lord Myners, a close ally of Gordon Brown, came under sustained attack from Labour MPs, Conservatives and unions as legal experts dismissed Government suggestions that it could claw back the money.

Employment lawyers said Labour's own human rights legislation, which guarantees rights to property and possessions, meant there was 'absolutely no chance' of forcing Sir Fred to give up his pension.

The former Royal Bank of Scotland has rejected pleas to return his pension-for-life £ which he is already enjoying at the age of only 50 £ claiming that ministers approved it.

The Prime Minister voiced his 'anger' over the deal, describing it as 'unjustifiable and unacceptable'. He said the Government was seeking legal advice on forcing Sir Fred to give back at least some of the money now that his bank has had to be bailed out with billions of pounds of taxpayers' money and posted the biggest loss in British corporate history.

'I still think it would be better if Sir Fred waived the pension entitlement himself,' said Mr Brown.

'But if that is not to be done, then we will continue to seek the legal advice that is necessary.' Downing Street tried to shore up City Minister Lord Myners £ a former banker ennobled and brought into government by Mr Brown £ by suggesting he had been misled by RBS executives when he was told of the deal.

Aides suggested senior figures at the bank told the minister that Sir Fred's £16million pension pot was a contractual obligation which could not be blocked. In fact, Sir Fred's pension pot was doubled on a discretionary basis to allow him to retire ten years early last October £ leaving him raking in £13,000 a month for doing nothing.

Labour insiders questioned whether Lord Myners £ who himself amassed millions from banking deals during a career in the City £ had failed to query the figures because he comes from a world where such mega-deals are commonplace.

There are also suspicions that the minister or his aides engaged in a clumsy spin operation, releasing details of the row over Sir Fred's pension in an attempt to divert attention from Labour's latest £325billion bank bailout.

Lawyers acting for the Treasury are examining whether the pension could be reduced on the grounds that RBS executives failed to act in the interests of shareholders.

Insiders have even suggested that a special Act of Parliament could be passed to try to scale back Sir Fred's payments retrospectively. But leading City employment lawyer **Ronnie Fox** said: 'This is all bluster, I'm afraid. Even if the Government passed legislation, you can't start confiscating private property. Fred Goodwin would have a human rights claim and he would win it, whether or not he's performed brilliantly as a businessman.'

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Tory MP Michael Fallon, deputy chairman of the Treasury select committee, called for Lord Myners to quit over his failure to protect taxpayers' interests.

'It is clear that Lord Myners knew about this in October and let this go through,' he said. 'It was his job to check, it was his job to protect the taxpayers' interest and he failed to do that. I think he should now resign. He can't escape responsibility for this very serious mistake which has cost the taxpayer dearly.'