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Dear Mary,

During the Enterprise Bill Commons Committee debate of 25th February, you asked a question relating to banks in partial public ownership and whether they publish details of pay and benefits of top executives and their chairs. I agreed to update you on this issue in writing.

The banks that are in temporary public partial ownership follow international accounting standards and the Companies Act, and these mandate that they disclose executive/director pay in their annual financial statements as part of the remuneration report.

These are exactly the same requirements under which the Green Investment Bank currently operates, because as I explained in the Committee debate on GIB, it is currently required to report on remuneration as if it were a quoted company. When GIB is moved to the private sector, it will be required to report in accordance with the relevant company law provisions, in line with other private sector unquoted companies.

RBS and Lloyds are not consolidated into the Government's Whole of Government Accounts, as they are in temporary ownership. This is a publicly recognised position. They are commercial companies in which the Government is a shareholder, and are run on a commercial basis. The banks retain their own independent board and management team with responsibility for determining their own strategy and commercial policies including those which relate to the remuneration of employees.

The Government's shareholding is managed on an arm's length basis by UK Financial Investments Ltd (UKFI). UKFI's mandate requires it to engage with RBS and Lloyds to ensure that remuneration policies are designed to enable them to attract and retain the staff needed to advance UKFI's objective of protecting and creating value for the taxpayer, whilst paying the minimum necessary to do so.

The Government is committed to returning RBS and Lloyds to private ownership, and will make decisions on sales to maximise value for money for the taxpayer. With regards to the public sector exit cap, as I indicated in the debate, these banks in partial public ownership will be exempt from the cap for the time they remain in temporary partial ownership.

I trust that you find this response helpful. I will be copying this letter to all other members of committee and placing a copy in the House library for info.

A handwritten signature in blue ink, consisting of a long, flowing horizontal line at the top, followed by a stylized 'A' and 'S' below it, and a horizontal line at the bottom.

THE RT HON ANNA SOUBRY MP

Minister of State for Small Business, Industry and Enterprise