

News

BCLP PARTNER FEATURED IN 'THOMSON REUTERS - REGULATORY INTELLIGENCE'

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BCLP Partner in employment Catherine Turner was quoted Oct. 5 by 'Thomson Reuters – Regulatory Intelligence' concerning plans in the UK to end the banking bonus cap.

Commenting on staff satisfaction and retention, Turner said trying to impose a switch that reduces fixed pay could be problematic and that any interference with remuneration tends to raise difficult questions, sparking legal challenges.

"For MRTs at banks, there is a clear distinction between fixed pay and variable pay. Salaries fall into fixed pay and reducing salaries is not the norm for obvious reasons, except perhaps in situations where the other alternative is redundancies. Not only is it an employee relations issue, but it amounts to a change to terms and conditions of employment. Employers need to give careful consideration as to how they would approach this," said Turner.

Turner added that simply not increasing salaries until the rebalancing with bonus has been achieved is technically less fraught but has potential downsides in a market where firms are competing for increasingly picky talent.

"Not increasing salaries is not so much an issue from a legal perspective in the absence of any commitment to do so but is an employee satisfaction and retention issue depending on what other firms are doing."

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