

Bank of England Report and accounts 1982



Bank of England

Court of Directors

28 February 1982

Report and accounts for the year ended 28 February 1982

Issued by Order of the Court of Directors 15 July 1982

The Rt Hon Gordon Williams, Chancellor, Exchequer, MBE, TD, Governor
Christopher William Nicholson, Deputy Governor

George Blunden*

Sir George Adrian Hayburn, CBE, Chairman

Sir Robert Anthony Clark, DFC

Sir Martin Clay

Leonard David de Rothschild

Gwyneth Agnew, OBE

Sir Stuart's Floride*

Sir Roger Quater, KBE

Sir Martin Long

Anthony David Lockhart*

The Rt Hon Lord Nelson of Stafford

Sir Douglas Page*

Sir James Alexander Graham, CBE, Chairman, FRS

David Oswald Scholey, CBE

Sir David Edward Charles Steel, CBE

The Rt Hon Viscount Waverley

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Bank of England

Report and accounts for the year ended 28 February 1982

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Court of Directors

28 February 1982

The Rt Hon Gordon William Humphreys Richardson MBE TD *Governor*
Christopher William McMahon *Deputy Governor*

George Blunden*
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark DSC
John Martin Clay
Leopold David de Rothschild
Geoffrey Ayrton Drain CBE
John Standish Fforde*
Sir Jasper Quintus Hollom KBE
Sir Hector Laing
Anthony David Loehnis*
The Rt Hon Lord Nelson of Stafford
John Brangwyn Page*
Sir Lionel Alexander Bethune (Alastair) Pilkington FRS
David Gerald Scholey CBE
Sir David Edward Charles Steel DSO MC
The Rt Hon Viscount Weir

Mr Page resigned on 28 February and Mr D A Walker was appointed in his place for the remainder of his term of office, namely until 28 February 1985.

The term of office of Mr Fforde expired on 28 February and Mr E A J George was appointed in his place for a period of four years.

The terms of office of Sir Adrian Cadbury, Mr Drain and Mr Scholey expired on 28 February; they were reappointed for a period of four years.

*Executive Director

Executive Directors and senior officials

28 February 1982⁽¹⁾

Policy and Markets

J S Fforde⁽²⁾

E A J George⁽³⁾

A L Coleby

C A E Goodhart

J C R Dow

D A Walker⁽⁴⁾

J S Flemming⁽⁵⁾

A D Loehnis

M J Balfour

J L Sangster

D G Holland CMG

Executive Director *Home Finance*

Assistant Director *Gilt-edged Division*

Assistant Director *Money Markets Division*

Chief Adviser *Monetary Policy*

Adviser to the Governor *Economics*

Assistant Director } *Economics, Financial Statistics and*

Chief Adviser } *Industrial Finance Divisions*

Executive Director *Overseas*

Assistant Director *Territorial Division*

Assistant Director *Foreign Exchange Division*

Chief Adviser *International Division*

Financial Structure and Supervision

J B Page⁽⁶⁾

W P Cooke⁽⁷⁾

D A Dawkins

Executive Director

Head of Banking Supervision

Assistant Director *Financial Supervision—General Division*

Operations and Services

George Blunden⁽⁸⁾

D H F Somerset

G L B Morgan

G L Wheatley

R D Galpin⁽⁷⁾

A J T Williams

Executive Director

Chief of Banking Department and Chief Cashier

Chief Registrar and Chief Accountant

General Manager *Printing Works*

Chief of Corporate Services

Secretary of the Bank

The Rt Hon Lord Benson GBE

The Rt Hon Lord Croham GCB

Adviser to the Governor

Adviser to the Governor

- (1) As noted below, certain changes of responsibility took effect on 1 March 1982. An organisation chart on page 14 shows the position at that date.
- (2) On the expiry of his term of office as an Executive Director on 28 February, Mr Fforde was appointed an Adviser to the Governor, to be concerned in particular with monetary policy. In due course, he will take on the additional task of continuing the history of the Bank.
- (3) On his appointment as an Executive Director, Mr George assumed Mr Fforde's previous responsibility for home finance matters.
- (4) On his appointment as an Executive Director, Mr Walker retained his former responsibility for questions of industrial finance and assumed, in addition, Mr Page's responsibility for the surveillance of financial institutions other than banks and licensed deposit-takers and of financial and commodities markets.
- (5) Mr Flemming's role as a Chief Adviser was confined, with effect from 1 March, primarily to the work of the Economics Division.
- (6) Mr Page resigned on 28 February.
- (7) Mr Cooke and Mr Galpin were appointed Associate Directors with effect from 1 March but retained their existing titles and responsibilities. On the same date, Mr Brian Quinn was appointed as Assistant Director in the Banking Supervision Division.
- (8) On 1 March Mr Blunden took over Mr Page's oversight of the Banking Supervision Division, in addition to his existing duties.

The stock registers and the note issue

Management of the stock registers

Transfer activity during the year accounted at a high level.

Transfer activity

Transfer activity	1979	1980	1981	1982
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100

1982 figures are preliminary and subject to audit.

Transfer activity

Transfer activity	1979	1980	1981	1982
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100
Transfers in	1,000	1,000	1,170	1,100
Transfers out	1,000	1,000	1,170	1,100

1982 figures are preliminary and subject to audit.

The Report concentrates on activities of the Bank other than domestic monetary policy and external policy; these policy issues have already been described in detail in the Quarterly Bulletin.⁽¹⁾ The opening sections contain the usual account of work connected with the stock registers and the note issue; a description of other developments during the year; and a review of internal administration. These are followed by the accounts; and the regular report on banking supervision required under the Banking Act 1979.

Domestic value of stock in issue

Domestic value of stock in issue	1979	1980	1981	1982
£ million	1,000	1,000	1,170	1,100
£ million	1,000	1,000	1,170	1,100
£ million	1,000	1,000	1,170	1,100
£ million	1,000	1,000	1,170	1,100
£ million	1,000	1,000	1,170	1,100
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£ million	1,000	1,000	1,170	1,100

(1) Subscription details for the Quarterly Bulletin can be obtained from the Bulletin Group, Economics Division, Bank of England, Threadneedle Street, London EC2R 8AH.

The stock registers and the note issue

Management of the stock registers

Transfer activity during the year continued at a high level.

Transfers registered

Thousands	1979	1980	1981	1982
Year to end-February	968	1,106	1,177 ^(a)	1,158

(a) This figure corrects that (1,220) published in last year's Report.

The nominal value of British Government securities managed by the Bank increased by £6,339 million (8%) while that of other stocks fell by £116 million (8%); in total there was an increase of over 7%. The number of accounts in the register continued to rise, but the number of bearer bonds in issue fell by 7% and their nominal value by 4%.

Nominal value of stocks in issue

£ millions	End-February	1979	1980	1981	1982
British Government securities:					
Stocks ^(a)		57,909	70,794	82,781	89,123
Bearer bonds		99	101	80	77
		58,008	70,895	82,861	89,200
Other securities:					
Government-guaranteed		794	254	224	224
Commonwealth etc		131	116	87	71
Local authorities		746	724	664	562
Other ^(b)		508	502	462	464
		2,179	1,596	1,437	1,321
Total		60,187	72,491	84,298	90,521

(a) The figures do not include stock on the registers of the Bank of Ireland and the Department for National Savings.

(b) Including stocks of the Agricultural Mortgage Corporation p.l.c. and Finance for Industry p.l.c.

Number of Accounts

Thousands

	End-February	1979	1980	1981	1982
British Government securities ^(a)		2,118	2,225	2,274	2,340
Other securities:					
Government-guaranteed		90	40	37	35
Commonwealth etc		35	27	22	20
Local authorities		105	91	80	64
Other ^(b)		43	41	35	33
		273	199	174	152
Total		2,391	2,424	2,448	2,492

(a) The figures do not include stock on the registers of the Bank of Ireland and the Department for National Savings. They also exclude bearer bonds; the number of separate bonds in these years was: 1979: 104,028; 1980: 102,289; 1981: 83,087; 1982: 77,015.

(b) Including stocks of the Agricultural Mortgage Corporation p.l.c. and Finance for Industry p.l.c.

Issues and repayments

Stocks issued for cash

	Issue price	£ millions nominal
1981		
4 Mar. 3% Treasury 1986	£69.50	500
11 Mar. 12½% Exchequer 1990	£95.00	1,000 ^(a)
27 Mar. 2% Index-Linked Treasury 1996	£100.00	1,000
1 Apr. 11½% Treasury 1985	£96.50	1,100
29 May 12¼% Exchequer 1992 ^(b)	£91.375	250 ^(a)
29 May 12% Treasury 1995 ^(b)	£90.25	250 ^(a)
29 May 12% Exchequer 1999/2002 ^(c)	£90.25	250 ^(a)
8 July 2% Index-Linked Treasury 2006	£86.00	1,000
24 July 3% Exchequer 1984 ^(b)	£81.00	250 ^(a)
24 July 3% Treasury 1985 ^(c)	£74.75	250 ^(a)
31 July 12½% Exchequer 1994 ^(c)	£83.625	250 ^(a)
31 July 12½% Treasury 2003/05 ^(c)	£86.875	250 ^(a)
6 Oct. 12% Treasury 1987 ^(b)	£84.50	250 ^(a)
6 Oct. 12½% Treasury 1992 ^(b)	£84.75	250 ^(a)
6 Oct. 14% Treasury 1998/2001 ^(b)	£91.875	250 ^(a)
14 Oct. 15% Exchequer 1997	£95.50	1,000
19 Nov. 14% Exchequer 1986	£95.75	1,000
20 Nov. 13% Treasury 1990 ^(b)	£94.375	250 ^(a)
20 Nov. 12% Treasury 1995 ^(c)	£85.00	250 ^(a)
20 Nov. 13½% Treasury 2004/08 ^(b)	£92.50	250 ^(a)
1982		
7 Jan. 3% Treasury 1987	£64.50	500
28 Jan. 2½% Index-Linked Treasury 2011	£90.00	750
8 Feb. 13¼% Exchequer 1987 ^(b)	£93.25	750 ^(a)

(a) Full amount issued to the Bank, and the stock subsequently made available to the market through the Government Broker.

(b) Second tranche.

(c) Third tranche.

Stock issued in exchange for 12% Exchequer Convertible Stock 1985^(a)

		£ millions nominal
1981		
22 Sept.	13½% Exchequer 1992	0.83

(a) At the rate of £99 per £100 stock.

In addition, and in completion of the compensation payable under the Aircraft and Shipbuilding Industries Act 1977, sums of 10% Exchequer Stock 1983 were issued as follows:

£ millions	In compensation: Shipbuilding
1981	
17 Aug.	1.94
14 Oct.	3.38
9 Nov.	1.06
	6.38

Repayments at par

		£ millions nominal
1981		
1 Apr.	9¾% Treasury 1981	959.33
12 June	8½% Exchequer 1981	899.94
30 July	City of Liverpool 13½% 1981	30.00
4 Aug.	9½% Exchequer 1981	799.96
21 Aug.	3% Exchequer 1981	599.61
15 Sept.	London County 5½% 1977/81	15.00
15 Sept.	Greater London 7¾% 1981	50.00
17 Nov.	Variable Rate Treasury 1981	400.00
21 Nov.	Corporation of London 7½% 1979/81	5.00
23 Nov.	12¼% Exchequer 1981	599.96
1982		
15 Jan.	8½% Treasury 1980/82	860.01
15 Feb.	3% Treasury 1982	399.20

Index-linked stocks

The first issue of index-linked gilt-edged stock was announced in March 1981, and two subsequent issues were made during 1981/82. Ownership of the stocks was initially restricted to pension funds and, in respect of their UK pension business, to life insurance companies and friendly societies; but the restrictions on ownership were removed in the March 1982 Budget. A fourth, unrestricted, public issue was made on 19 March 1982.

Local authority bonds

During the year, thirty-one issues of local authority short-term bonds, totalling £46.5 million nominal, were managed by the Bank; thirty issues, totalling £48.5 million nominal, were redeemed.

Gilt-edged settlements

Work is continuing jointly with the Stock Exchange on the development of the computer-based book-entry transfer and settlement system for gilt-edged securities described in last year's *Report*. Legislation is necessary to provide a statutory framework for the operation of the system, and a Bill for the purpose, the Stock Transfer Bill, is currently before Parliament.

The note issue

The note issue was £10,755 million at the end of February 1982, £454 million (4½%) larger than a year earlier. A new peak—£11,967 million—was reached during the Christmas period.

Growth was again concentrated in the higher-value notes: denominations of £10 and over accounted for 60% of the circulation by value,

Value of notes in circulation by denominations

£ millions	End-February	1979	1980	1981	1982
£1		782	704	673	657
£5		3,694	3,540	3,343	3,097
£10		2,948	3,610	4,043	4,298
£20		1,125	1,419	1,686	1,833
£50		—	—	—	274
Other notes ^(a)		351	489	556	596
Total		8,900	9,762	10,301	10,755

(a) Includes certain higher-value notes used internally in the Bank, eg on behalf of banks of issue in Scotland and Northern Ireland as cover for their note issues in excess of their permitted fiduciary issues. Also includes, up to 1981, £13 million of 10 shilling notes, which ceased to be legal tender in November 1970. During the year to February 1982, £6 million of these 10 shilling notes (Series A) were written out of the note circulation under the terms of the Currency and Bank Notes Act 1928, as twenty years had elapsed since the final date of issue of that Series, leaving £7 million of 10 shilling notes of Series C outstanding. Notes of either series remaining in the hands of the public can still be exchanged at the Bank.

compared with 56% a year earlier, while the share of the £5 note declined from 32% to 29% and that of the £1 note from 7% to 6%.

Number of new notes issued by denominations

Millions

Year to End-February	1979	1980	1981	1982
£1	978	969	893	780
£5	509	585	661	644
£10	176	230	247	219
£20	25	35	44	39
£50	—	—	—	6
Total	1,688	1,819	1,845	1,688

The Bank issued 1,688 million new notes during the year, approximately 8% fewer than in either of the two previous years. Despite rapidly growing demand for new notes for use in automatic cash dispensers, issues of all denominations (apart from the newly introduced £50 note) were lower than in 1980/81; the fall reflects, *inter alia*, the co-operation of the clearing banks and other large drawers of notes in the increased use, where practicable, of used notes. The £50 note, for which there has been a good demand, was first issued on 20 March 1981.

Other developments

Revised arrangements for monetary control

On 20 August 1981, new arrangements for monetary control were brought into effect. Details were set out in the paper issued by the Bank on 5 August and reproduced on pages 347-9 in the September 1981 *Quarterly Bulletin*. The main changes were:

- (i) The Bank ceased continuously to post Minimum Lending Rate, and money market operations were thereafter conducted by reference to an unpublished band for very short-term interest rates; although the Bank no longer continuously posts a Minimum Lending Rate, it may in some circumstances announce in advance the minimum rate which, for a short period ahead, it would apply to any lending to the market.
- (ii) The extension of the list of banks whose commercial bill acceptances are eligible for discount at the Bank; as a consequence, bills accepted by 103 banks were eligible for discount at the Bank at the end of February.
- (iii) The ending of the agreement with the London clearing banks under which they maintained non-interest-bearing balances at the Bank, equal on average to 1½% of their eligible liabilities. This agreement was replaced by arrangements for non-interest-bearing cash ratio deposits to be placed with the Bank by all recognised banks and licensed deposit-taking institutions with eligible liabilities of £10 million or more; these cash ratio deposits are fixed twice a year and amount to ½% of eligible liabilities.

An article on the Bank's money market operations, which describes the recent changes in techniques, was published on page 86 in the March 1982 *Quarterly Bulletin*. Some statistical

implications of the new arrangements are described in the section on financial statistics below.

Select Committee on the Treasury and Civil Service

The Bank assisted the work of this Committee during the year. Officials gave oral evidence to the Committee's enquiry into financing of the nationalised industries and a memorandum was sent. Another memorandum—*The new monetary control arrangements: the first three months*—was provided for the Committee's autumn review of the Government's economic policy. The Governor, accompanied by Bank officials, appeared before the Committee in March 1982 in the course of their enquiry into the 1982 Budget.

The industrial work of the Bank

With financial pressures upon the corporate sector remaining severe, the Bank kept closely in touch with industrial developments and was again asked to participate in discussions between various companies and the banks and other financial institutions connected with them—especially in cases where a number of banks were involved—to assess, and where possible to try to resolve, impending problems. The Bank has not itself been involved as a lender.

During the year, the Bank joined with the Confederation of British Industry, the British Institute of Management and a number of City bodies in sponsoring a new agency, Promotion of Non-Executive Directors (PRO NED). PRO NED's main tasks are to encourage recognition of the contribution that non-executive directors can make to company boards, and to help companies who wish to make such appointments to find suitable candidates.

The British Petroleum Company p.l.c.

A rights issue by the British Petroleum Company (BP) was announced in June 1981. It was decided that the Issue Department of the Bank would not exercise the rights on its holding of 311,270,028 ordinary shares of 25p, and HM Government made the same decision in respect of its holding of BP shares, in order to avoid an increase in the public sector borrowing requirement. The shares which would have been allocated to the Issue Department under the rights issue, together with those which would have been allocated to HM Government, were offered by BP to existing shareholders at a premium of 15p above the issue price, and any shares not taken up were sold in the market; the net proceeds accrued to the Issue Department and HM Government *pro rata* to their respective share holdings.

In January 1982, the Issue Department's holding of BP shares was sold to HM Government following the Burmah Oil Company's decision not to appeal against the judgment given in the Bank's favour on 3 July 1981 in respect of Burmah's claim for restitution of these shares.

Czechoslovak gold and debt settlements

A long-standing dispute between the governments of Czechoslovakia, the United Kingdom and the United States on the settlement of outstanding financial claims was finally resolved in February 1982, when some eighteen tonnes of gold, which had been deposited with the Bank of England and the Federal Reserve Bank of New York after recovery from Germany at the end of the second world war, were returned to Czechoslovakia. At the same time, Czechoslovakia paid approximately £24 million to the UK Government and about US\$84 million to the US Government in settlement of outstanding claims.

For technical reasons, Czechoslovakia chose Switzerland as the venue for the handover of the gold on Saturday, 20 February. The Bank was

actively involved throughout the negotiations in various European capitals and in the financial transactions that followed.

Joint support operations ('The lifeboat')

The special committee of the Bank and the London and Scottish clearing banks continued to meet from time to time; by the end of the year only one active company was still receiving support under these arrangements.

Proposed mergers between the Royal Bank of Scotland Group and Standard Chartered Bank and the Hongkong and Shanghai Banking Corporation

On 17 March 1981 the boards of the Royal Bank of Scotland Group and Standard Chartered Bank announced that agreement had been reached for the merger of their two groups. The Bank had been closely consulted throughout the negotiations leading up to this announcement and had given its approval to the proposals. On 7 April, the Hongkong and Shanghai Banking Corporation (HSBC) announced an offer for the Royal Bank, higher than that of Standard Chartered. Following a second, increased offer by Standard Chartered, both proposals were referred to the Monopolies and Mergers Commission by the Secretary of State for Trade on 1 May.

The Bank provided written evidence to the Commission and gave oral evidence on two occasions in which it explained the reasons for its attitudes towards the two proposed bids. The Commission reported to the Secretary of State on 22 December 1981. In its report (Cmnd. 8472) it recommended by a majority, with two members dissenting, that neither proposed merger should be permitted. The Commission's recommendation was accepted by the Secretary of State on 15 January 1982, and HSBC and Standard Chartered undertook not to proceed with their offers.

Panel of academic consultants

The panel of academic consultants, which meets regularly under the chairmanship of Professor Robin Matthews to discuss economic issues, held four meetings during the year, as shown below:

<u>Date</u>	<u>Topic covered</u>
20 March	<p><i>The usefulness of macroeconomic models.</i></p> <p>Papers by Professors Buitert, Deaton and Minford and Messrs Cripps and Posner led to a discussion of the usefulness of models for policy evaluation, the most appropriate way to finance large models and ways in which forecasts could be compared and evaluated.</p>
17 July	<p><i>Factors underlying the recent recession.</i></p> <p>Two papers—by G D N Worswick and Dr A Budd—attempted to explain why output fell sharply below trend in 1980.</p>
27 November	<p><i>The economics of public borrowing.</i></p> <p>A paper by C J Allsopp sought to clarify various theoretical issues concerning public borrowing. The complex relationships between public borrowing, interest rates and the money supply were considered together with their implications for policy.</p>
12 February	<p><i>Why do forecasts differ?</i></p> <p>This meeting considered a study by Professor M J Artis, jointly sponsored by the Bank and the Social Science Research Council; the study is described on page 95 of the March 1982 <i>Quarterly Bulletin</i>.</p>

Financial statistics

The new monetary sector

The introduction of the new monetary control arrangements in August 1981 involved a number of changes to domestic banking statistics. (For fuller details, see page 531 of the December 1981 *Quarterly Bulletin*.) In particular, there was a major break in the various series of banking statistics at the end of 1981, including those for the monetary aggregates. With the co-operation of the reporting institutions, the effects of the break were identified and the necessary adjustments made to the calculation of monetary growth for target purposes.

Statistical reporting by other institutions

There were three other changes in arrangements for statistical reporting by financial institutions. First, a number of institutions, largely in the Channel Islands and the Isle of Man, which were dropped from the banking statistics, started reporting under a new system for miscellaneous financial institutions. Second, responsibility for compiling official estimates of expenditure by companies (both within and outside the monetary sector) on equipment for leasing was assumed by the Bank—this work was previously performed by the Statistics Division of the Departments of Industry and Trade. Third, the Bank approached unit trusts operating in the Channel Islands for statistics; these trusts, which had not previously provided statistics, have been growing in importance and the new statistics will complement those collected from mainland unit trusts.

Retail deposits

During the discussions on the new monetary control arrangements, it became apparent that a monetary aggregate more closely related to the concept of transactions balances was needed. Negotiations with the banks on the provision of figures for such retail deposits took place early in 1981. The new statistics began to be provided in the autumn of 1981 and are described in a note on page 224 of the June 1982 *Quarterly Bulletin*.

Review of banking statistics

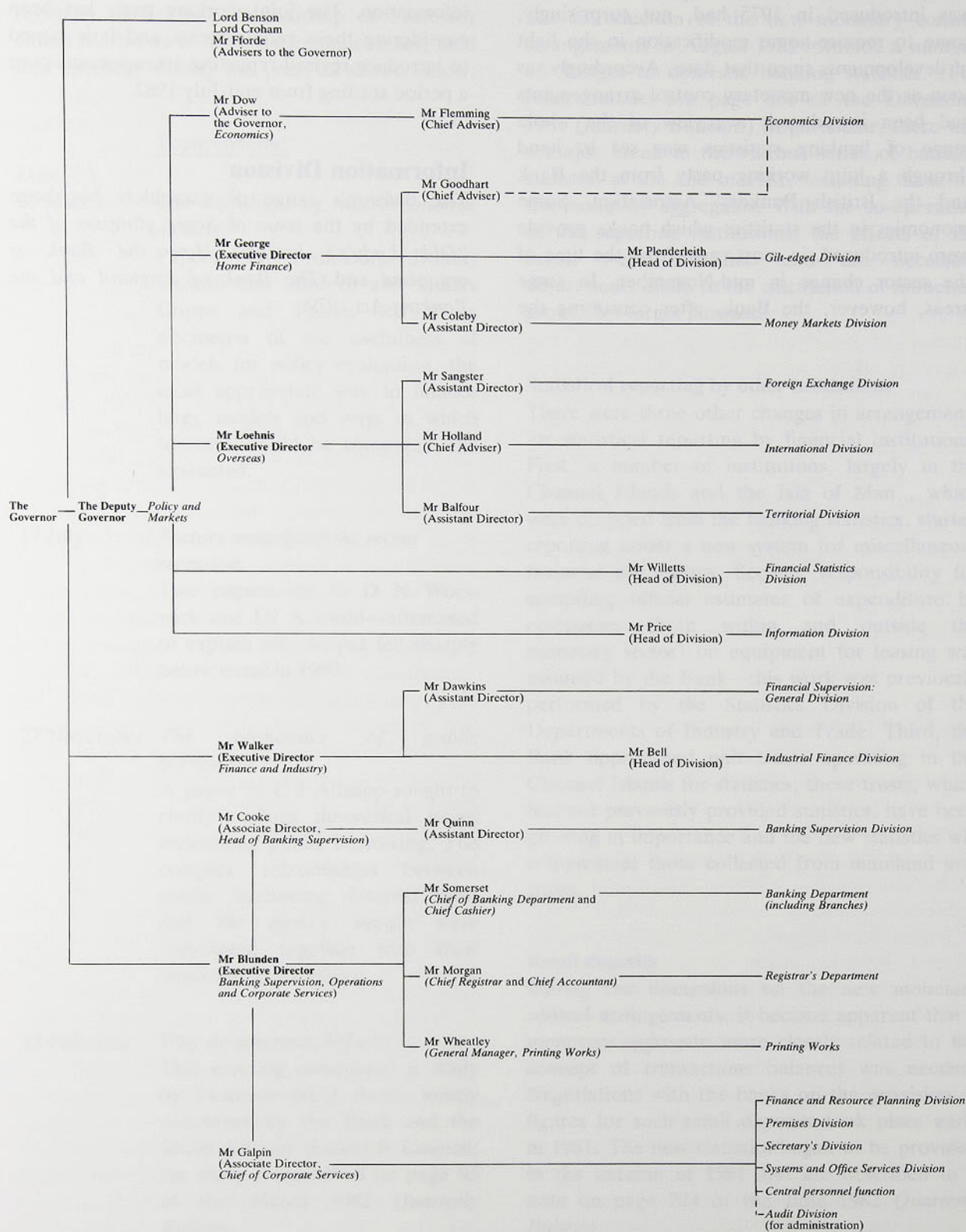
The present system of banking statistics which was introduced in 1975 had, not surprisingly, come to require some modification in the light of developments since that date. Accordingly, as soon as the new monetary control arrangements had been introduced, a review of the whole range of banking statistics was set in hand through a joint working party from the Bank and the British Bankers' Association. Some economies in the statistics which banks provide were introduced, in most cases from the time of the sector change in mid-November. In some areas, however, the Bank, after consulting the

CSO and other government departments, has asked for a substantial amount of additional information. The joint working party has been considering these requirements and it is hoped to introduce revised reporting arrangements over a period starting from end-July 1982.

Information Division

The division's range of pamphlets has been extended by the issue of *Some glimpses of the "Old Lady's" history*, *How the Bank is organised* and *The Bank of England and the Banking Act 1979*.

Organisation of the Bank: March 1982



Internal administration

Last year's *Report* noted the need for further adjustments in the staff structure to bring it more closely into line with the requirements of the Bank following the abolition of exchange control and other developments in recent years. A review of the Bank's service areas—which now have a smaller operational workforce to support—has identified scope for further staff savings and other cost reductions, and these are now being implemented.

Numbers of staff

The average number of employees during the year was just over 6,150—nearly 200 fewer than a year earlier.

At 28 February 1982, the Bank employed about 5,450 full-time and 600 part-time staff. The following table, which includes half the total of those working part-time (either alternate weeks or part-days each week), shows how the staff were distributed:

Banking staff	
Policy and Markets area ^(a)	325
Finance and Industry area ^(a)	50
Banking Supervision Division ^(a)	75
Operations:	
Banking Department (including 250 at Branches)	925
Registrar's Department	925
Printing Works	175
Corporate Services Department	850
Seconded and unallocated	100
Total banking staff	3,425
Technical and services staff	850
Printing Works staff	1,475
	5,750

(a) These areas have been further reorganised since the 1981 *Report* and changes which took effect on 1 March 1982 are also reflected in the table. The Industrial Finance Division, previously within Policy and Markets, now forms part of Finance and Industry; and Banking Supervision, previously part of the Financial Structure and Supervision area, is now listed separately. For fuller details see chart opposite.

The corresponding total a year earlier was 5,900; in February 1979 it was 7,200.

During the 1981/82 financial year, the staff of the Bank were awarded a 7½% across-the-board salary increase, comprising the 6% increase allowed under cash limits on public expenditure and the balance financed by staff savings and cost reductions referred to above. Total remuneration for the year (note 3 to the *Accounts*) includes the effects of the previous year's settlement, as do the figures for directors' and employees' emoluments.

Staff wastage and recruitment

Natural wastage remained low, so that staff reductions have been achieved mainly by voluntary, but selective, severance schemes. These were extended to various categories of staff as the need became apparent. Few of the departures arranged under these schemes had, however, taken place before the end of the financial year.

Recruitment for general purposes in 1981 was limited to eight graduates, six 'A' level entrants and fourteen 'O' level staff for clerical work. A further six staff were recruited specifically for computer work. No typing staff were recruited.

Secondments

Forty-eight Bank staff were on secondment to other institutions at the end of February 1982, compared with thirty-seven a year earlier. Twenty-two of these were overseas, in fourteen countries. Secondments in the United Kingdom included five with government departments (including the National Economic Development Office), and eleven with the Council for the Securities Industry; most of the rest were with various City institutions.

At the same date, two staff were on secondment to the Bank from other institutions; they were joined by two others shortly afterwards.

Employment of the disabled

The Bank welcomes applications for jobs from disabled persons and gives such applications full and fair consideration, taking account of the individual's educational qualifications, aptitudes and capabilities. In assessing their capabilities, it is necessary to bear in mind the nature and structure of the Bank's accommodation. The Bank also does its utmost to continue the employment of those who become disabled while on the Bank's staff and, where applicable, arranges appropriate training for them.

The Bank recognises the need for career progression and promotion for disabled persons, and they have the same opportunities as other members of the staff to progress within the limits of their abilities.

Cash limits

Expenditure on three of the services which the Bank provides to the Government—the note issue, and management of the national debt and of the Exchange Equalisation Account—is included in the programme of cash limits on public expenditure. The out-turn for 1981/82 was £74.7 million compared with a cash limit of £76.3 million.

The cash limit for 1982/83 for the same services has been set at £78.2 million.

Premises

On 30 November 1981, the Bank sold its building in West George Street, Glasgow to the Royal Bank of Scotland. The Glasgow Agency continues to perform industrial liaison work, with a very small staff, from premises leased in St Vincent Place.

The Bank has rented part of Eagle House, City Road, London, EC1 and the premises are currently being adapted for use as a new clearing centre.

Computer developments

Studies of the use of mini and micro computer installations and voice and data networks (to replace the ageing internal telephone system) have been undertaken.

In the Banking Department, bullion holding and accounting records were fully computerised and the first stage of an automated handling system for gold bars has been installed.

In the Registrar's Department, two ICL 2900 series computers and associated hardware have been installed to replace the ICL 1904 computers.

A data telecommunication link to the Bank for International Settlements in Basle has been established for the exchange of statistical information.

Royal visit to the Printing Works

Her Majesty The Queen and His Royal Highness The Prince Philip, Duke of Edinburgh, visited the Bank's Printing Works in March 1981. Her Majesty unveiled a plaque to mark the silver jubilee of bank note printing at Loughton, Essex. The royal party toured the Works and were presented with the first of the new £50 and the modified £1 notes, a scale model of a rotary bank note printing press made by an engineering apprentice, and a book of the original design drawings and sketches used for the £50 note. The Queen and the Duke of Edinburgh met representative groups of staff at a reception and honoured the Governor and the General Manager with their presence at luncheon.

The Royal Wedding

After the Royal Wedding on 29 July, the Prime Minister held a luncheon in the Bank, at the Governor's invitation, for about 150 guests, including heads of state and government, and cabinet ministers.