

Bank of England Report and accounts 1985



Bank of England

28 February 1985

Report and accounts for the year ended 28 February 1985

Robert Leigh-Pemberton Governor
Christopher William McMahon Deputy Governor

Issued by Order of the Court of Directors 6 June 1985

Dr David Valerius Amerton CBE

The Hon Sir John Fyfe-Harvey Mair CBE

George Woodroffe

Sir George Adrian Playfair CBE

Sir Robert Anthony Clark DSC

Stanley Arthur Daint CBE

Richard Desmond Galt

Edward Alan John George

Professor Brian Griffiths

Sir Hector Laid

Anthony David Lockhart

Ann Lord CB

The Rt Hon Lord Nelson of Stafford

David Gerald Scholze CBE

Sir David Edward Charles Steel DSC

David Alan Walker

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The report of the Court of Directors for the year ended 28 February 1985 is printed in the Report and Accounts for the year ended 28 February 1985.

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Printed by the Bank of England

1985-1986

Executive Director

Printed by the Bank of England
1985-1986

Bank of England

Report and accounts for the year ended 28 February 1985

Printed by Order of the Court of Directors 6 May 1985

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Court of Directors

28 February 1985

Robert Leigh-Pemberton *Governor*

Christopher William McMahon *Deputy Governor*

Dr David Valentine Atterton CBE

The Hon Sir John Francis Harcourt Baring CVO

George Blunden

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark DSC

Geoffrey Ayrton Drain CBE

Rodney Desmond Galpin*

Edward Alan John George*

Professor Brian Griffiths

Sir Hector Laing

Anthony David Loehnis*

Alan Lord CB

The Rt Hon Lord Nelson of Stafford

David Gerald Scholey CBE

Sir David Edward Charles Steel DSO MC

David Alan Walker*

The term of office of Mr McMahon expired on 28 February; he was reappointed as Deputy Governor for a further term of five years.

The terms of office of Mr Loehnis and Mr Walker expired on 28 February; they were reappointed for a period of four years. The terms of office of Sir Robert Clark and Sir David Steel also expired on 28 February; Mr Frederick Brian Corby and Sir Robert Haslam were appointed in their places for a period of four years.

* Executive Director

Executive Directors and senior officials

28 February 1985

Policy and Markets

E A J George

A L Coleby

C A E Goodhart

Ian Plenderleith

J S Flemming

C T Taylor

A D Loehnis

M J Balfour

D G Holland CMG

G M Gill

P H Kent

G K Willetts

Finance and Industry

D A Walker

D A Dawkins

C J Farrow

Banking Supervision

W P Cooke

Brian Quinn

Operations and Services

R D Galpin

D H F Somerset

J G Drake

G L Wheatley

H C E Harris

P E Towndrow

Executive Director *Home Finance*

Assistant Director *Money Markets Division*

Chief Adviser *Monetary Policy*

Head of Gilt-edged Division

Economic Adviser to the Governor

Head of Economics Division

Executive Director *Overseas*

Assistant Director *Territorial Division*

Chief Adviser *International Division*

Head of Foreign Exchange Division

Head of Information Division

Head of Financial Statistics Division

Executive Director

Assistant Director *Financial Supervision—General Division*

Assistant Director *Industrial Finance Division*

Associate Director

Assistant Director *Head of Banking Supervision Division*

Executive Director

Chief of Banking Department and Chief Cashier

Chief Registrar and Chief Accountant

General Manager *Printing Works*

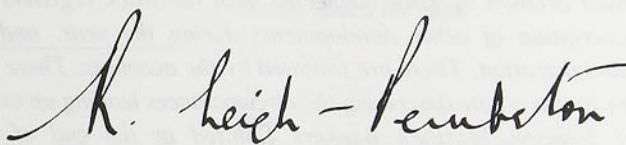
Chief of Corporate Services

Secretary of the Bank

The past year has seen traditional and new activities in the Bank moving hand in hand. During its two hundred and fifty years on the Threadneedle Street site the Bank has evolved to meet the requirements of a changing world: a stable monetary framework, good service to its customers and a flexible environment in which London's pre-eminence as a financial centre might be maintained. This process of evolution continues, as preparations are being completed for new City market structures, and as technological advances have their impact on existing systems.

With such a fast rate of change, it is important to have a flexible and adaptable workforce and I am grateful to the staff of the Bank for their constructive approach in meeting the new challenges.

I also wish to record my thanks to Sir Robert Clark and Sir David Steel, who retired as Non-executive Directors on 28 February after nine and seven years' service respectively. The Bank has benefited greatly from their advice, and from their wholehearted contribution to the Bank's activities.

A handwritten signature in black ink, reading "R. Leigh-Pemberton". The signature is written in a cursive, flowing style.

Governor of the Bank of England

The Report concentrates on activities of the Bank other than domestic monetary policy and external policy; activities in these policy areas 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. There are then two annexes: the first is a note describing the circumstances leading up to the Bank's acquisition of Johnson Matthey Bankers Limited at the end of September 1984 and developments at the bank since then; the second is the Bank's annual report on banking supervision required under the Banking Act 1979.

(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 fell again during the year, registrations being 4% down on last year's total.

Transfers registered

Thousands

Year to end-February	1982	1983	1984	1985
	1,158	1,285	1,072	1,030

The nominal value of British government securities managed by the Bank rose again, by £10,515 million (10%) to £115,600 million; other stocks under management rose by £101 million (9%) to £1,210 million.

Nominal value of stocks in issue

£ millions

End-February	1982	1983	1984	1985
British government securities:				
Stocks ^(a)	89,123	95,108	105,028	115,540
of which, index-linked	2,750	5,387	6,762	8,124
Bearer bonds	77	70	57	60
	89,200	95,178	105,085	115,600
Other securities:				
Government-guaranteed	224	224	224	224
Commonwealth ^(b)	71	56	50	44
Local authorities	562	446	238	187
Other ^(c)	464	567	597	755
	1,321	1,293	1,109	1,210
Total	90,521	96,471	106,194	116,810

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

(b) Including Ireland in 1982 and 1983.

(c) Including stocks of the Agricultural Mortgage Corporation p.l.c.; Finance for Industry p.l.c. in 1982 and 1983; and stock and bearer bonds of the European Investment Bank in 1983, 1984 and 1985.

The number of accounts fell by 1% this year to 2,330,000.

Number of accounts

Thousands

End-February	1982	1983	1984	1985
British government securities ^(a)	2,340	2,297	2,245	2,241
Other securities:				
Government-guaranteed	35	34	32	31
Commonwealth ^(b)	20	17	15	14
Local authorities	64	49	33	23
Other ^(c)	33	31	27	21
	152	131	107	89
Total	2,492	2,428	2,352	2,330

(a) Excluding bearer bonds; the number of separate bonds in these years was: 1982:77,015; 1983:68,905; 1984:53,816; 1985:55,392.

(b) Including Ireland in 1982 and 1983.

(c) Excluding bearer bonds of the European Investment Bank.

Issues and repayments

Stocks issued for cash

	Issue price	£ millions nominal
1984		
7 Mar. 10% Exchequer 1989 ^(a)	£98.00	1,250
26 Mar. 10% Treasury 1987 ^(a)	£99.4375	200 ^(b)
26 Mar. 10½% Exchequer 1995 ^(a)	£99.00	200 ^(b)
26 Mar. 10½% Conversion 1999 ^(a)	£102.125	100 ^(b)
13 Apr. 3% Treasury 1986 ^(a)	£89.3125	100 ^(b)
13 Apr. 3% Treasury 1987 ^(a)	£83.00	150 ^(b)
2 May 9½% Treasury Convertible 1989	£95.50	1,100
4 June 10% Treasury 1987 ^(a)	£96.50	200 ^(b)
4 June 10½% Exchequer 1995 ^(a)	£95.75	200 ^(b)
4 June 9½% Exchequer 1998 ^(a)	£92.00	100 ^(b)
4 June 11½% Treasury 2001/04 ^(a)	£107.125	100 ^(b)
26 June British Transport 3% 1978/88 ^(a)	£79.5625	250 ^(b)
26 June 10% Conversion 2002 ^(a)	£93.25	200 ^(b)
26 June 10% Treasury 1992 ^(a)	£94.25	200 ^(b)
11 July 10½% Exchequer 1995 ^(a)	£87.50	300 ^(b)
11 July 11½% Treasury 2001/04 ^(a)	£102.125	300 ^(b)
20 July 10½% Treasury 1989 ^(a)	£92.00	100 ^(c)
20 July 10½% Exchequer 1997 ^(a)	£88.50	100 ^(c)
20 July 9½% Treasury 1988 ^(a)	£89.3125	250 ^(b)
20 July 10½% Treasury 1999 ^(a)	£92.375	250 ^(b)
20 July 11½% Treasury 2003/07 ^(a)	£101.125	200 ^(b)
8 Aug. 11% Exchequer 1989	£94.75	1,200
16 Aug. 10½% Treasury Convertible 1992	£95.25	950
14 Sept. 2½% Exchequer 1986 ^(a)	£87.00	150 ^(b)
14 Sept. 3% Treasury 1987 ^(a)	£84.00	100 ^(b)
20 Sept. European Investment Bank		
10½% 2004	£90.52	100
28 Sept. 10½% Exchequer 1988 ^(a)	£96.625	200 ^(b)
28 Sept. 8½% Treasury 1997 ^(a)	£85.875	200 ^(b)
28 Sept. 12½% Treasury 2003/05 ^(a)	£120.125	150 ^(b)
28 Sept. 2% Index-Linked Treasury 1990 ^(a)	£88.50	100 ^(b)
28 Sept. 2½% Index-Linked Treasury 2009 ^(a)	£93.00	100 ^(b)

Stocks issued for cash continued

28 Sept.	10% Treasury 1987 ^(a)	£96.375	100 ^(c)
12 Oct.	2½% Index-Linked Treasury 2003 ^(a)	£98.375	100 ^(b)
12 Oct.	2½% Index-Linked Treasury 2016 ^(a)	£94.875	200 ^(b)
26 Oct.	9¾% Treasury Convertible 1988 ^(a)	£94.8125	150 ^(b)
26 Oct.	11% Exchequer 1991 ^(a)	£98.125	150 ^(b)
26 Oct.	9¾% Treasury 1999 ^(a)	£93.125	150 ^(b)
26 Oct.	11½% Treasury 2001/04 ^(a)	£107.125	150 ^(b)
7 Nov.	9¾% Exchequer 1998 ^(a)	£93.50	1,100
17 Dec.	2½% Exchequer 1987 ^(a)	£87.50	250 ^(b)
17 Dec.	2½% Index-Linked Treasury 2001 ^(a)	£101.25	150 ^(b)
17 Dec.	2½% Index-Linked Treasury 2011 ^(a)	£106.00	100 ^(b)

1985

14 Jan.	10½% Exchequer 2005	£98.00	800 ^(b)
25 Jan.	2½% Index-Linked Treasury 2003 ^(a)	£98.875	150 ^(b)
25 Jan.	2½% Index-Linked Treasury 2020 ^(a)	£93.50	100 ^(b)
30 Jan.	10½% Treasury 1989 ^(a)	£95.75	200 ^(b)
30 Jan.	12% Treasury 1995 ^(a)	£101.00	200 ^(b)
30 Jan.	10½% Conversion 1999 ^(a)	£94.625	100 ^(b)
30 Jan.	11% Exchequer 1989 ^(a)	£96.875	150 ^(c)
30 Jan.	11¾% Treasury 1991 ^(a)	£100.375	150 ^(c)
13 Feb.	11% Exchequer 1990	£97.50	1,000
21 Feb.	2½% Index-Linked Treasury 2013	£88.00	400

Total 14,950

- (a) Additional tranches.
 (b) Full amount issued to the Bank of England and the stock subsequently made available to the market through the Government Broker.
 (c) Full amount issued to the National Debt Commissioners for public funds under their management.

Other issues of stock

£ millions
nominal

In exchange for 8¾% Treasury Convertible 1985:

1984

3 Mar.	9% Conversion 2000 (at 102%)	0.31
3 Sept.	9% Conversion 2000 (at 100%)	0.07

In exchange for 10% Treasury Convertible 1986:

1984

11 Apr.	10% Conversion 2002 (at 102%)	314.81
11 Oct.	10% Conversion 2002 (at 100%)	1.03

In exchange for 10½% Exchequer Convertible 1986:

1984

19 May	10½% Treasury 1999 (at 97%)	0.67
19 Nov.	10½% Treasury 1999 (at 95%)	0.29

In exchange for 2½% Index-Linked Treasury Convertible 1999:

1984

22 May	10½% Conversion 1999 (at 100%)	21.97
22 Nov.	10½% Conversion 1999 (at 100%)	6.29

In exchange for 9¾% Treasury Convertible 1988:

1984

14 June	9¾% Conversion 2002 (at 100%)	0.12
14 Dec.	9¾% Conversion 2002 (at 98%)	0.06

In exchange for 12½% Treasury Convertible 1986:

1984

14 July	13% Treasury 2000 (at 91%)	2.71
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Other issues of stock continued

1985

14 Jan.	13% Treasury 2000 (at 89%)	0.22
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In exchange for 10½% Treasury Convertible 1987:

1984

10 Aug.	9¾% Conversion 2001 (at 97%)	0.04
---------	------------------------------	------

1985

10 Feb.	9¾% Conversion 2001 (at 94%)	0.09
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In exchange for 10% Treasury Convertible 1990:

1984

25 Oct.	9½% Conversion 2004 (at 98%)	0.16
---------	------------------------------	------

Total 348.84

Repayments at par

£ millions
nominal

1984

26 Mar.	Agricultural Mortgage Corporation p.l.c. 14¼% Debenture 1984	20.00
15 May	Liverpool Corporation 9¾% 1980/84	10.00
22 May	14% Exchequer 1984	1,099.74
19 June	3% Exchequer 1984	1,248.64
15 July	London County 5½% 1982/84	30.00
10 Sept.	Agricultural Mortgage Corporation p.l.c. 7¾% Debenture 1981/84	17.00
16 Sept.	New Zealand 3½% 1981/84	5.27
26 Sept.	12% Treasury 1984	1,049.43

1985

5 Jan.	India 2½%	— ^(a)
15 Jan.	Agricultural Mortgage Corporation p.l.c. 5½% Debenture 1980/85	1.74
22 Feb.	15% Treasury 1985	999.53

Total 4,481.35

(a) The total amount repaid, including stock on the register of the Bank of Ireland, was £2,605.11.

European Investment Bank

In September 1984, the Bank acted as receiving bank for an issue of £100 million loan stock by the European Investment Bank. The Bank is now registrar, principal paying agent for the stock in bearer form, and exchange agent undertaking exchanges of stock out of registered form into bearer, and vice versa.

Local authority negotiable bonds

During the year nineteen issues of negotiable bonds by local authorities, totalling £19 million nominal, were managed by the Bank; twenty-five issues (including one by the Agricultural Mortgage Corporation p.l.c.) totalling £31.5 million were redeemed.

Gilt-edged settlements

As a result of the forthcoming changes in the structure of the gilt-edged market, the Bank and The Stock Exchange have agreed that the computer-based transfer and settlement system (the Central Gilt Office Service) should be introduced in phases. Development of the first phase, to provide a basic facility for electronic stock delivery between members of the Service, is proceeding.

The note issue

The note issue was £12,030 million at the end of February 1985, £573 million (5%) larger than a year earlier. It became clear late in 1984 that the annual seasonal peak, reached just before Christmas, could exceed the £13,500 million statutory limit on the fiduciary issue. Accordingly HM Treasury directed, under the Currency Act 1983, that the limit be increased to £15,000 million. The actual peak was £13,900 million.

Growth in the note circulation has continued to be confined to the higher value notes, the £20 and £50 notes together accounting for 27% of the circulation, against 25% a year earlier, and the £10 for 43% compared with 42%.

Value of notes in circulation by denominations

£ millions

	End-February	1982	1983	1984	1985
£1		657	641	583	528
£5		3,097	2,850	2,554	2,426
£10		4,298	4,531	4,846	5,232
£20		1,833	1,874	1,979	2,137
£50		274	633	909	1,089
Other notes ^(a)		596	479	586	618
Total		10,755	11,008	11,457	12,030

(a) Includes certain higher value notes used internally in the Bank, eg as cover for the note issues of banks of issue in Scotland and Northern Ireland in excess of their permitted fiduciary issues. Also for the years 1982 and 1983 includes 10 shilling notes: these were written off during the year to end-February 1984 under the terms of the Currency Act 1983.

As announced by the Chancellor of the Exchequer in the House of Commons on 12 November 1984,

the Bank of England ceased to issue £1 notes after 31 December 1984. £1 notes in issue will continue to circulate freely alongside £1 coins, though the number in circulation will decline as the notes are returned to the Bank of England. It is expected that the notes will remain legal tender at least until the end of 1985. Issues of £1 coins by The Royal Mint, which began in April 1983, had reached 274 million by end-February 1985.

A new version of the £20 note was introduced on 15 November 1984. It is similar in general appearance to the earlier version but incorporates certain enhanced security features, in particular a security thread which appears at intervals on the front surface of the note. The previous version of the note remains legal tender and continues in circulation alongside the new version, though in declining numbers.

Numbers of new notes issued each year, by denomination

Millions

	Year to end-February	1982	1983	1984	1985
£1		780	728	652	678
£5		644	622	625	515
£10		219	230	451	456
£20		39	34	72	86
£50		6	9	9	10
Total		1,688	1,623	1,809	1,745

The clearing banks and other larger users of banknotes have continued to assist the Bank by economising in the use of new notes. Nevertheless, the installation of growing numbers of cash dispensing machines has increased the demand for notes of a consistently high quality. To help meet this demand a number of high-speed used note sorting machines have been installed and brought into use by the Bank of England during the year. These machines are used to count and authenticate used notes, and to outsort those of sufficiently good quality for re-issue through cash dispensers. Note sorting equipment has also been installed by the clearing banks on a substantial scale.

Other developments

Johnson Matthey Bankers Limited

In October 1984 the Bank purchased from Johnson Matthey p.l.c., for a nominal consideration, the entire issued share capital of Johnson Matthey Bankers Limited (JMB). This acquisition followed the emergence of problems in the commercial lending book of JMB, a recognised bank under the Banking Act, 1979. These events, the Bank's supervision of JMB and developments since the Bank acquired JMB are discussed in an Annex beginning on page 31.

Payment systems

A major restructuring of the organisation, membership and control of the payment clearing systems based in England was announced last December; this followed a review undertaken on behalf of the ten member banks of the London Bankers' Clearing House, including the Bank of England. The new structure, which is expected to be implemented during 1985, will consist of a number of operating companies which will own and operate the various clearing systems, while the Association for Payment Clearing Services will oversee the development of the systems as a whole. The Bank will be a member of the Association and will have a seat on the Board of each of the operating companies.

The Clearing House Automated Payments System (CHAPS), of which the Bank is a settlement member, completed its first year of operation on 8 February 1985. By then the system had handled almost 1,400,000 payments, and the daily average value of payments being made through CHAPS had reached £6.5 billion.

The Algerian escrow account

The Bank continues to hold US dollar deposits on behalf of the Banque Centrale d'Algerie, as escrow agent, pending the resolution of outstanding differences between Iran and certain American commercial banks.

Regulation of the securities and investment industry

In a White Paper published in January 1985, the Government proposed a new framework for investor protection, under which the Secretary of State for Trade and Industry would delegate statutory powers of regulation to one or more practitioner-based bodies. It was envisaged that one such body would be concerned with the regulation of securities and investments. Its Chairman would be appointed by the Secretary of State with the agreement of the Governor of the Bank of England and the other members would be appointed by the Governor with the agreement of the Secretary of State. On 5 March it was announced that the first Chairman would be Sir Kenneth Berrill KCB and that Mr Martin Jacomb would be a part-time Deputy Chairman.

Sale of shares in British Telecommunications p.l.c. by the Government

In the arrangements for the sale of shares in British Telecommunications p.l.c. by the Government, 415,000,000 shares were provisionally allocated for offerings in the United States, Canada and Japan. The Bank agreed to purchase any of these shares not sold. In the event the overseas offerings were fully taken up and the Bank was not required to purchase shares.

The Bank also provided clerical assistance to the receiving bank consortium to deal with the exceptionally large number of applications from the public for this issue.

The future structure of the gilt-edged market

During the year the Gilt-edged Division of the Bank held a series of informal discussions with interested parties about the future structure of the Bank's dealing and supervisory relationships with

participants in the gilt-edged market after the abolition of minimum commissions in The Stock Exchange and the ending of the separation between broking and jobbing. In November the Bank published its draft proposals on this subject, inviting comments on them; the final version of the Bank's paper was published in April 1985.

In August 1984, following the agreement of terms for a proposed merger between Mullens & Co. and Mercury Securities p.l.c., Akroyd & Smithers p.l.c. and Rowe & Pitman, the Bank announced that Mr N F Althaus and Mr K G Hill of Mullens would be appointed to the staff of the Bank when the merger took effect. They would join the Gilt-edged Division of the Bank, where a gilt-edged dealing operation was being established which would take over the conduct of official operations in the gilt-edged market from Mullens & Co.

Money-market dealing arrangements

On 22 February 1985, the Bank announced that, following an agreed bid from Citicorp International Bank Ltd to acquire all the shares of Seccombe, Marshall & Campion p.l.c., the discount house which carries out the Bank's operations in the bill markets, the Bank proposes to transfer the conduct of its money-market operations to a dealing room to be located inside the Bank. The transfer will take

place as soon as the necessary arrangements can be made, and the target date is 1 January 1986. Meanwhile, Seccombes will continue to carry out the Bank's business.

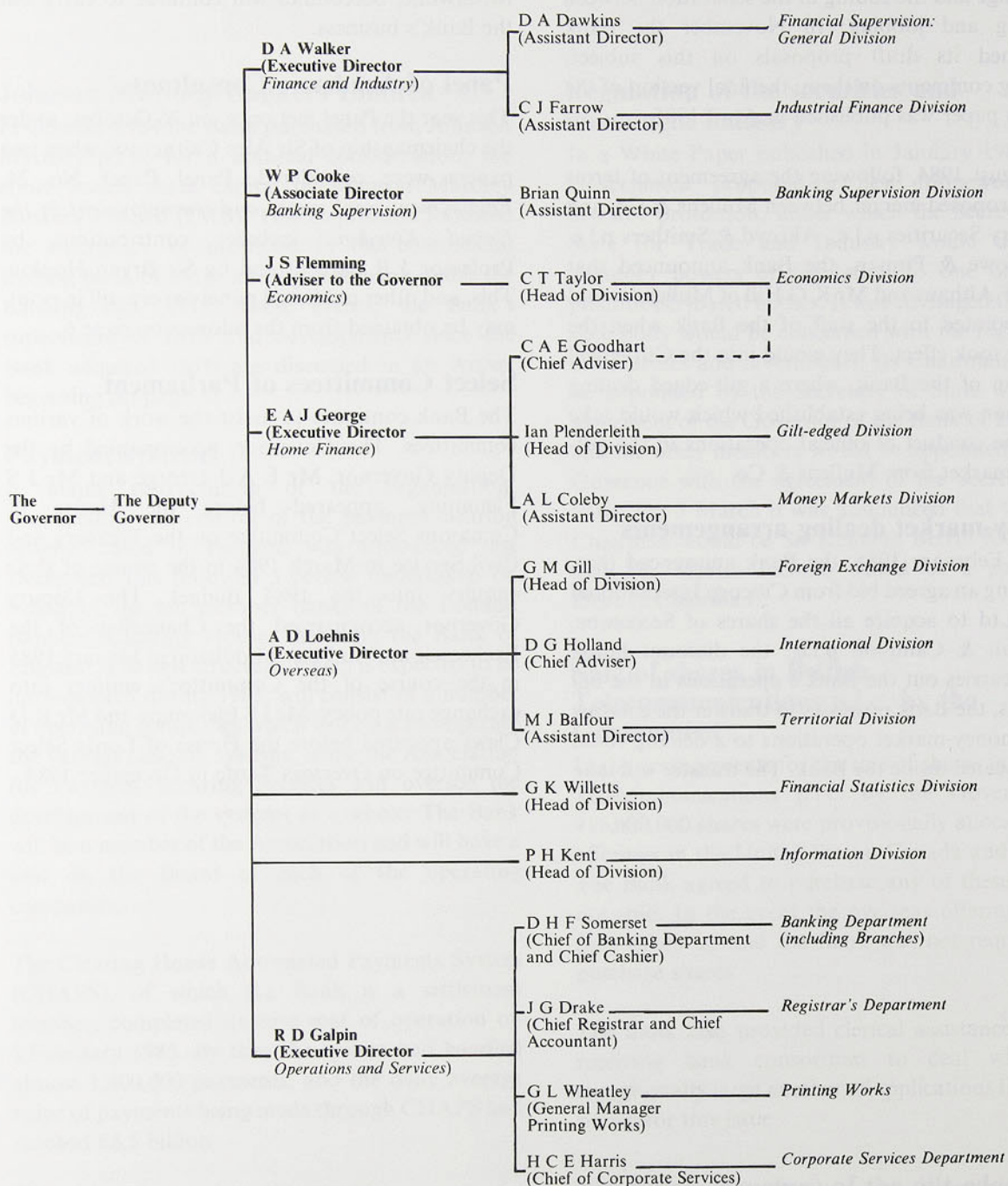
Panel of Academic Consultants

This year the Panel met once, on 26 October, under the chairmanship of Sir Alec Cairncross, when two papers were considered. Panel Paper No 24, *Employment, real wages and unemployment in the United Kingdom*, includes contributions by Professor J R Sargent and by Sir Bryan Hopkin. This, and other published panel papers still in print, may be obtained from the address on page 6.

Select Committees of Parliament

The Bank continues to assist the work of various committees. The Governor, accompanied by the Deputy Governor, Mr E A J George and Mr J S Flemming, appeared before the House of Commons Select Committee on the Treasury and Civil Service in March 1984 in the course of their enquiry into the 1984 Budget. The Deputy Governor accompanied the Chancellor of the Exchequer and Sir Peter Middleton in January 1985 in the course of the Committee's enquiry into exchange rate policy. Mr J S Flemming and Mr R D Clews appeared before the House of Lords Select Committee on Overseas Trade in December 1984.

Organisation of the Bank: March 1985



Internal administration

Numbers of staff

The average number of employees during the year was about 5,600, 150 fewer than in the previous year. Their aggregate remuneration amounted to £63.3 million.

At 28 February 1985, the Bank employed just under 5,040 full-time staff and just over 430 part-time staff, of whom 90 full-time and 50 part-time staff were engaged on fixed-term contract. The following table shows the distribution of staff (part-time staff are included as appropriate fractions).

Staff numbers at end-February 1985

Banking Staff	
Policy and Markets Divisions	320
Finance and Industry Divisions	40
Banking Supervision Division	100
Operations and services:	
Banking Department—Head Office	690
Branches	250
Registrar's Department	810
Corporate Services Department ^(a)	800
Seconded and unallocated staff	100
Total banking staff (other than at the Printing Works)	3,110
Technical and services staff	720
Printing Works (all staff)	1,430
Total	5,260

(a) Includes support staff working in Policy and Markets, Finance and Industry, and Banking Supervision areas.

Staff wastage and recruitment

Natural wastage remained low. There were 62 departures under selective severance schemes, mainly at the Printing Works as a consequence of the cessation of £1 note production. In July the Bank introduced a scheme to give all staff aged 50 or over the opportunity to apply for early retirement with an immediate scale pension. In the eight months since the new arrangements were introduced, applications have been accepted from some 20 staff.

Recruitment to the banking staff was limited to 18 graduates, 16 'A' level entrants, 42 junior staff for

clerical work and 17 typists. A further 52 staff were recruited on contract; of these 34 were for the Branches, mainly to operate the used note sorting machines installed during the year.

Secondments

The number of Bank staff on secondment at the end of February was unchanged from a year earlier at 53: 22 were overseas (with central banks, international institutions, overseas governments and UK missions) and 31 in the United Kingdom (10 with the Council for the Securities Industry, 10 with business institutions mainly in the City, 5 with government departments and public bodies and 6 with community organisations). There were 6 inward secondments to the Bank: 2 from commercial banks, 2 from government departments and 1 each from another central bank and a firm of accountants.

Youth training scheme

The Bank is participating again this year in the Manpower Services Commission's youth training scheme as a managing agent. Last year nearly all the young people taken by the Bank were successful in obtaining full-time employment, either in the Bank or in other financial institutions. There are currently some 35 young people—at Head Office and at the Printing Works—undertaking a one-year training programme. The trainees will gain work experience and spend 13 weeks in off-the-job training, including courses on the functions of the Bank, communication, keyboard skills and an introduction to computer literacy.

Employment of the disabled

The Bank is pleased to receive applications for jobs from the disabled and considers each application fully and fairly in the light of individuals' qualifications, aptitudes and capabilities. The Bank also makes every effort to continue in employment those members of its staff who become disabled. Following publication of the Manpower Services

Commission's *Code of Good Practice on the Employment of Disabled People*, the Bank is re-examining its practices to determine whether steps can be taken to enhance its response to the needs of disabled people.

Employee participation

The Bank has well-established machinery for consulting and negotiating with employee representatives and union officials through the Bank of England Staff Organisation, an independent trade union representing 67% of the banking, and technical and services staff. At the Printing Works a large majority of the staff are represented by appropriate national trade unions. Regular exchanges have taken place during the year on a wide range of subjects, including pay and conditions of service, the introduction of new technology and health and safety at work, and these contribute to a constructive and positive industrial relations climate in the Bank.

Equal opportunity, re-employment and ethnic monitoring

As an equal opportunity employer, the Bank offers equality of prospects to women and men alike. It introduced in 1983 a policy of re-employment designed to enable a small number of staff of high potential to resign from the Bank with a guarantee of a job on return at the end of a period of three years; alternatively, staff leaving the Bank may place their names on a list for re-employment, subject to competitive selection against other new applicants, at any future time. The policy is intended to help individuals who wish to take a career break for any reason, including maternity. It is, of course, separate from the provision for maternity leave.

Following publication of the Commission for Racial Equality's code of practice for the elimination of racial discrimination and the promotion of equality of opportunity in employment, the Bank has started to record the ethnic origins of job applicants.

Cash limits

Expenditure on three of the services which the Bank provides to the Government—the note issue, management of the national debt and of the Exchange Equalisation Account—is included in the programme of cash limits on public expenditure. The outturn for 1984/85 was £80.1 million compared with a cash limit of £80.9 million.

After allowing for a reduction of expenditure of about £3 million following the decision on the £1 note, the 1985/86 cash limit for the three services has been fixed at £80.6 million

Computer developments and office automation

During the year, central computing facilities in both the Head Office and New Change (Registrar's Department) computer centres have been enhanced by the acquisition of new and more powerful equipment. A Viewdata system has been installed, incorporating links to some external information services, and the Bank's telex and SWIFT transmission systems have been further automated.

Work has continued on the evaluation and installation of a number of electronic office systems, micro-computers and distributed data processing applications.

Royal visits

During the year the Bank was honoured by visits by Her Majesty Queen Elizabeth The Queen Mother on 29 June and by Her Royal Highness The Princess Margaret on 19 July.

250th anniversary celebrations

As part of the celebrations to mark the 250th anniversary of the Bank's opening for business on the present Threadneedle Street site, the Governor and Mrs Leigh-Pemberton gave a reception on 4 June for the Lord Mayor and others; and one for members of the staff on 23 July.