

COMMITTEE OF TREASURY

MINUTE BOOK

79

WEDNESDAY, THE 7TH JANUARY 1976

Present:

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

In a general review of market conditions, the Deputy Governor traced the course of the various markets since the last Meeting of the Committee on the 10th December. He made particular reference to the reductions of  $\frac{1}{8}\%$  in Minimum Lending Rate in two successive weeks and spoke in general terms of the prospects for interest rates in the period immediately ahead.

5/01 A statement of Official Reserves at the end of December was submitted.

6/01 The Deputy Governor acquainted the Committee of the intention to construct an extension to the Southampton Branch, the main purpose of which was to provide additional working space and improved security and note-handling arrangements. The cost of the necessary work was currently estimated at £565,000.

7/1 On behalf of the Committee, Lord Nelson asked that their great pleasure at the Governor's appointment to the Privy Council, announced in the New Year Honours List, should be placed on record.

*Laing*  
Secretary

WEDNESDAY, THE 14TH JANUARY 1976

Present:

A Full Committee

The Draft Minutes of the last Meeting were read and agreed.

CT 60.06  
CT 196  
With reference to Minutes of the 12th November, a Report of the Staff Committee on the Preservation of Pension Benefits was submitted. This followed a reconsideration of proposals made earlier by the Staff Committee and referred back to them by the Court of the 13th November. After discussion of the revised recommendations with Mr. de Rothschild and Mr. Davies, it was agreed that the Report should go forward for consideration by the Court of Directors the following day.

CT 57  
A Minute of the Charitable Appeals Committee on the granting of two donations was read and referred to the Court of Directors. Commenting on the proposals, Sir Maurice Laing informed the Committee that it was not intended to continue the donation of £1,000 to the British National Committee of the International Chamber of Commerce after this year's payment had been made.

CT 72.02  
Off. Xls  
The Governor discussed and agreed with the Committee revised arrangements for the timing of the Committee's weekly Meeting.

CT 71.01  
CT 57  
Off. Xls  
The Governor also mentioned that he had received a preliminary approach regarding the possibility of his being associated with a proposed national charitable appeal to mark the Queen's Silver Jubilee in 1977. The Committee agreed that this would be an entirely proper duty for the Governor to undertake.

CT 70.03  
The Direction was discussed and the Governor invited members of the Committee to bring forward to him the names of possible candidates.

la. naylor  
Secretary.

THURSDAY, THE 22ND JANUARY 1976

Present:

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. A Minute on Appointments recommended by the Governors.
2. A Report of the Staff Committee on the Chief of Establishments' Review of General Staff Administration and Training.

CT 61  
Mr. Davies attended and spoke to the Committee about the reform of the Bank of England Staff Organisation. He outlined the steps that were being taken and would need to be taken by the Staff Organisation to achieve recognition as an independent union in terms of the Trades Union and Labour Relations Act and of the Employment Protection Act. He said that it would probably be necessary to seek the formal approval of the Court for requisite changes to be made in the current Recognition and Procedure Agreement. There was general agreement that the Bank should do what they could to advance the Staff Organisation's action in this matter.

74.22  
The Governor acquainted the Committee of the special attention which a back-bench Labour Member of Parliament appeared to be paying to the affairs of the City in general and the Bank in particular. Following a Parliamentary Question in general terms, he had put down a motion regarding the Bank's relationships with other City organisations, to be debated the following day.

*M. Laing*  
Secretary.



WEDNESDAY, THE 28TH JANUARY 1976

Present:

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Sir Eric Roll

The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. In connection with the Annual Review of Staff -

A Minute on Appointments, etc., recommended by the Governors.

A Minute of the Staff Committee recommending certain gratuities.

2. From the Audit Committee -

The Quarterly Report together with the annual review of the Committee's work.

The Committee endorsed a decision of the Governors based upon Ministerial and Inland Revenue pronouncements, that the Scheme of Classification be interpreted to allow the pensions of staff who would retire after the 1st March 1976, but who were precluded by earning more than £8,500 a year from receiving any increase in salary, to be calculated on a salary which included the normal 1st March increment (but not any accelerated or merit increase).

The Governor acquainted the Committee of the following matters -

1. Because it had not been possible to resolve uncertainties and fears of some of the interested parties, agreement on detailed plans for the creation of a new instrument for equity investment - Equity Investment Limited - had not

yet been reached. The Governor expressed the view, and the Committee agreed, that it would be wise not to go ahead without the convinced support of those concerned: he hoped that a period of further consultation and discussion would resolve the doubts that existed about the role of the new bank.

- CT 57
2. The Consultative Committee of Accountancy Bodies had set up a steering group to consider in depth the practical and other issues involved in the implementation of current cost accounting in company accounts. The costs of the steering group were estimated at about £150,000 a year for a period of three years, one-third of which would be financed by Government. The Bank had been approached for a contribution and had agreed to make available £2,500 a year for the three years.

The Governor also mentioned briefly -

- CT 74 D-4
- CT 72
- Office 24  
CT 70
1. His meeting with the Chairmen of the London Clearing Banks.
  2. The debate in the House of Commons on the previous Friday on a motion moved by Mr. Ian Wigglesworth, M.P.
  3. The arrangements that had been made for the Bank's evidence to the Select Committee on Nationalised Industries.
  4. The Memorial Service for Sir Val Duncan having been arranged for 12 noon on Thursday, the 11th March, he proposed to discuss with the Court the possibility of a change in the time of the Court's Meeting that day.

*Secretary.*

THURSDAY, THE 5TH FEBRUARY 1976

Present:

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing

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The Draft Minutes of the last Meeting were read and agreed.

In connection with the Annual Review of Staff, a Minute on Gratuities recommended by the Governors to certain members of the Printing Works Staff was read and referred to the Court of Directors.

The Governor laid before the Committee a note giving details of the proposed creation of a new Administration Department and answered questions from the Committee regarding the allocation of responsibilities under the proposed arrangements. It was agreed to recommend to the Court that the reorganisation be effected without delay.

The following were submitted -

1. The Quarterly Report on Errors and Omissions.
2. A statement of Official Reserves at the end of January.
3. The monthly report on Industry and Finance.

With reference to a Minute of the previous week, the Governor acquainted the Committee of correspondence between Mr. Ian Wigglesworth, M.P. and the Prime Minister regarding the Bank's Educational Loans Scheme.

*Deputy Secretary*

THURSDAY, THE 12TH FEBRUARY 1976

Present:

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

I. That, with reference to a Minute of the previous week and with effect from the 1st March 1976 -

1. In order to increase the effectiveness of the central administration and of the support services of the Bank, an Administration Department should be formed. The new Department would have the status of the present Secretary's Department and its Divisions would embrace virtually the whole of the functions of the Secretary's, Management Services and Audit Departments and a part of those of the Premises Division, Establishment Department.

2. The following appointments be made -

P.A.S.TAYLOR (54), Secretary,	to be Chief of Administration, at his present salary level.
G.L.L.de MOUBRAY [redacted], Chief of Management Services,	to be Head of Computer Services, at his present salary level (retaining the status of a Head of Department).
G.C.GOUGH (54), 1st Deputy Secretary,	to be a Deputy Chief of Administration and Secretary of the Bank, on his present salary scale.
J.G.W.BENNETT (55), 1st Deputy Chief of Management Services,	to be 1st Deputy Chief of Administration, on his present salary scale.



G.L.B.MORGAN (50),  
a Deputy Secretary,

to be a Deputy Chief of  
Administration, on his  
present salary scale, with  
responsibility for Press  
Relations.

an Assistant  
Secretary,

to be a Deputy Chief of  
Administration, with  
responsibility for  
Accounting Services.

II. That a donation of £2,000 be made for the relief of  
suffering caused by the Guatemalan earthquake.

Two Reports of the Committee to Consider the  
Securities of Certain Funds were submitted and referred to  
the Court of Directors -

1. The Quarterly Report.
2. A Report on revised Terms of Reference.

With reference to a Minute of the 28th January, the  
Governor spoke about the Bank's written evidence to the  
Select Committee on Nationalised Industries, copies of which  
were submitted for information.

*W. H. Jackson*  
Secretary.

THURSDAY, THE 19TH FEBRUARY 1976

Present:

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

The Governor informed the Committee that an announcement of the reappointment to the Court of Sir Maurice Laing, Lord Weir and Sir Alastair Pilkington, all for a period of four years from the 1st March, would be made that afternoon from No.10, Downing Street.

It was agreed to recommend to the Court of Directors -

1. That pursuant to Clauses 11 and 12 of the Charter of the 1st March 1946 and with effect from the 1st March 1976 -

(a) The exclusive service of Mr. George Blunden be engaged during his term as a Director and that he be entitled to the benefit, insofar as it applies to his case, of the Scheme approved by the Court of the 31st October 1968, for the payment of pensions, etc., to those Members of the Court rendering exclusive service.

(b) Remuneration in respect of his exclusive service to be paid to Mr. Blunden at the rate of £21,000 a year.

2. That pursuant to Section 139 of the Companies Act, 1948, and until otherwise resolved by the Court of Directors, Mr. George Blunden of the Bank of England, be authorised to act as the representative of the Governor and Company of the Bank of England at any Meeting of the Foundation for Management Education.

3. That pursuant to Section 139 of the Companies Act, 1948, and until otherwise resolved by the Court of Directors, Mr.C.W.McMahon, or failing him Mr.J.C.R.Dow, or failing him Mr.George Blunden, all of the Bank of England, be authorised to act as the representative of the Governor and Company of the Bank of England at any Meeting of Houblon Nominees.

The Annual Report of the Charitable Appeals Committee on Subscriptions and Donations was submitted and referred to the Court of Directors.

The Deputy Governor recalled that the Court of the previous week had deferred the approval of the proposed new Terms of Reference for the Committee to Consider the Securities of Certain Funds pending clarification of a point relating to the role of the Trustees of the Pension Fund. He described the existing arrangements for providing the Trustees with details of investment transactions for the Pension Fund carried out under the direction of the Court. On the assumption that these arrangements would be regarded as satisfactory, the Court would be invited to approve the Committee's new Terms of Reference.

The Governor acquainted the Committee of the following matters -

1. His attendance the previous day to give oral evidence to the Select Committee on Nationalised Industries.
2. The Bank had secured the agreement of H.M.Treasury to the issue - probably in 1978 - of Bank notes of a denomination of £50.

The following were submitted -

1. A statement of Overseas Trade Figures for January.
2. A statement of Forthcoming Retirements and Secondments.

*W. A. H. Taylor*  
*Secretary*

THURSDAY, THE 26TH FEBRUARY 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

The Committee considered the payment of retirement benefits to Mr. J.G.W. Davies under the provisions of the current Court Pension Scheme and agreed the terms of a report to the Court on this matter.

It was agreed to recommend to the Court of Directors that in pursuance of the policy of recruiting economists on short-term contracts, [REDACTED], at present employed by [REDACTED], be appointed to the service of the Bank with effect from the 5th April 1976, on the following terms -

1. The appointment to be temporary for a period of two years from the 5th April 1976; to be conditional on his agreeing to exclude any right to a redundancy payment and any claim for unfair dismissal, in respect of the expiry of the fixed term of his employment without it being renewed.
2. Basic pensionable salary to be [REDACTED] a year plus a non-pensionable London Allowance of [REDACTED] a year; to be reviewed whenever salaries and London Allowance for permanent Banking Staff are reviewed.
3. Annual paid leave of absence in addition to Close Holidays to be 30 working days in a completed year of service ending on the anniversary of the date of appointment and proportionately in an incomplete year of service; pay during sickness to be two months.
4. The terms and conditions of service for Staff employed on short-term contracts to apply.



A Minute of the Charitable Appeals Committee on  
the granting of a donation was read and referred to the  
Court of Directors.

*H. J. Gough.*  
Secretary.

THURSDAY, THE 4TH MARCH 1976

Present:

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

A Report of the Committee on Permanent Control of Expenditure was submitted and referred to the Court of Directors.

A Report from Sir Eric Roll and Mr. Dow on their visit to the Newcastle Branch was also submitted.

The Governor mentioned briefly -

- LT 90
1. His meeting the previous day with the Chairmen of the London Clearing Banks.
  2. The recent Ministerial meeting on commodities and the role played by the Bank in the supervision of the commodity markets.
  3. The visit to the Bank on the previous day by members of the Select Committee on Nationalised Industries.
- CT 89
- SEC 22

The Governor also discussed with the Committee the situation regarding the Direction.

FM 28

*h.c. for*  
*Secretary*

MEMBERS OF THE COMMITTEE OF TREASURY

1976/77

THE GOVERNOR

THE DEPUTY GOVERNOR

LORD NELSON

SIR MAURICE LAING

LORD ROBENS

SIR ERIC ROLL

MR. CADBURY

THURSDAY, THE 11TH MARCH 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

ST 219  
The Deputy Governor spoke to the Committee about an actuarial valuation of the Pension Fund as at the 28th February 1975. This showed that the current contribution rate was more than adequate on the basis of the assumptions adopted in 1972, when the last valuation had been made. However, the Actuary was uncertain and concerned over what assumptions should be adopted about the Fund's earnings and the rate of inflation over the years ahead. It had accordingly been agreed that valuations should also be made on various other and less favourable assumptions, which had thrown up not a surplus but deficits of up to as much as £51.1mn.

The Actuary was of the opinion that the group of assumptions likely to prove the most reliable funding basis was that which would produce a deficit of £15.4mn. This assumed a change in the real rate of interest to the Fund from  $2\frac{1}{2}\%$  to  $1\frac{1}{2}\%$ . The Deputy Governor said that he had found this assumption implausible and considered that, looking ahead over a long period, there were inadequate grounds at this stage for adopting a different set of assumptions from that used for the Actuary's 1972 revaluation. He would, therefore, favour holding to the basis adopted in 1972 for a further three years, by which time the Bank might be in a better position to review their long-term assumptions. The Committee concurred.

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The Deputy Governor added that the full logic of such a position would imply that the average contribution rate should be reduced to dissipate the surplus of £6.7mn., which emerged from the Actuary's calculations on this basis. In view of the considerable uncertainties of the outlook, the Committee agreed with his proposal that that surplus should be left as a reserve and that no change should be made in the contribution level for the time being.

The Deputy Governor laid before the Committee a statement of the estimated operating profit of the Banking Department for the year ended the 29th February 1976. He spoke in particular about the likely size of provisions that would be needed in respect of doubtful debts. Taking these into account, he said that it seemed that the Bank would be able to maintain the level of payment to H.M. Treasury in lieu of dividend, if, as had just been decided, no special provision was required for pensions this year. The Committee concurred.

*H. G. H.*  
*Secretary*

THURSDAY, THE 18TH MARCH 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing

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The Draft Minutes of the last Meeting were read and agreed.

A Minute of the Charitable Appeals Committee on the granting of a donation was read and referred to the Court of Directors.

Mr. Blunden's paper of the 9th March on matters arising from the intention of the Staff Organisation to operate independently of the Bank was submitted and referred to the Court of Directors.

A statement of Official Reserves at the end of February was also submitted.

The Governor acquainted the Committee of the intention to support this year's Festival of the City of London by sharing equally with another sponsor the £4,000 cost of a performance by the London Symphony Orchestra in St. Paul's Cathedral.

*H. J. Laing*  
Secretary

WEDNESDAY, THE 24TH MARCH 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Mr.Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

With reference to Minutes of the 11th March regarding the operating profit of the Banking Department for the year ended the 29th February 1976, it was agreed to recommend to the Court of Directors that, pursuant to Section 1 (4) of the Bank of England Act, 1946, a payment of £3,000,000 be made to H.M.Treasury on the 5th April next.

The following were submitted and referred to the Court of Directors -

1. A Minute on an Appointment recommended by the Governors.
2. A Report of the Staff Committee on Banking Staff resignations.

The following were also submitted -

1. A Report from Mr.Cadbury on his visit to the Southampton Branch.
2. The monthly Banking Figures as at the 18th February.

With reference to Minutes of the 14th January, the Governor discussed and agreed with the Committee revised tentative arrangements for the timing of the Committee's weekly Meeting whereby regular Meetings would be held on Thursdays at 11.15 a.m. in every week and additional Meetings would be arranged whenever necessary.

*Hilary*  
*Secretary.*

THURSDAY, THE 1ST APRIL 1976

Present:

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors that [REDACTED], an Assistant to the Chief of Administration, be appointed a Foundation Governor, on behalf of the Bank, of the [REDACTED] from the 1st April 1976 for a period of five years, in the place of [REDACTED].

The following were submitted -

1. A report from Mr. McMahon and Sir Alastair Pilkington on their visit to the Manchester Branch.
2. A statement of Official Reserves at the end of March.
3. The monthly report on Industry and Finance.
4. The Quarterly Analysis of Bank Advances.
5. A statement of Forthcoming Retirements.

The Governor acquainted the Committee of the following matters -

1. A review of communications within the Bank had been completed and on the previous day he had held the first of a regular series of meetings with the Heads of Departments. Arising from the review, it had been suggested that it would be desirable to establish a link between the Court and the Accountant's Department, which, due to the nature of its work and its location outside Head Office, tended to feel cut-off from the rest of the Bank.



It had, therefore, been proposed that a small informal committee of Directors should be formed for this purpose, and to interest itself in the work and problems of the Accountant's Department. The Committee supported the proposal and agreed that it should be referred to the Court of Directors.

- CT 82
2. In the light of the recent series of Exchange Control cases involving investment currency, a reminder notice on points to be watched in premium dollar transactions had been sent to the British Bankers' Association and the Stock Exchange for issue to their members. The Bank would shortly be sending a similar notice to all Authorised Depositories. The reminders followed a similar one made about a year ago and the Governor commented that it behoved the Bank to keep all concerned alert to the risk of evasion of the Regulations; and to see that examples were made of those who betrayed the trust put in them.

The Governor also mentioned briefly -

- CT 190
1. Progress with regard to drawing up the prospectus for the Equity Bank and its likely date of publication.
- CT 71.01
- CT 104
2. His Chairmanship of the E.E.C. Committee of Governors and the European Monetary Co-operation Fund Board for one year from the 1st April 1976.

*H. G. G. G.*  
Secretary.

THURSDAY, THE 8TH APRIL 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

CT 190  
With reference to a Minute of the previous week about the Equity Bank, the Governor mentioned briefly the unhelpful attitude adopted by one of the participating associations.

CT 21  
With reference to a Minute of the 22nd January, Mr. Blunden attended and spoke about the major constitutional changes effected by the Bank of England Staff Organisation with the aim of achieving recognition as an independent union in terms of the Employment Protection Act 1975. As a result, it was necessary to revise the Recognition and Procedure Agreement. A draft of an amended version of the Agreement, which was acceptable to the Staff Organisation, had been circulated to the Committee and Mr. Blunden described the changes that had been made. The Committee considered that the composition of the two sides of the Joint Negotiating Council should be rather differently defined and they also discussed the nomination of the Chairman of the Council. Otherwise, they expressed themselves content and it was left that revisions of the relevant passage should be submitted to the Committee in the following week.

*Secretary*

THURSDAY, THE 15TH APRIL 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

The Quarterly Report of the Committee to Consider the Securities of Certain Funds was submitted and referred to the Court of Directors.

The Accounts of the Samaritan Fund for the year ended the 29th February 1976 were laid before the Committee and it was agreed to recommend to the Court of Directors that a grant of £852.29 be made to the Samaritan Fund.

CT 61  
With reference to a Minute of the previous week about the Bank of England Staff Organisation, a further revised draft of the Recognition and Procedure Agreement having been circulated to the Committee, Mr. Blunden attended and explained the additional changes that had been made: he added that the Agreement, as now proposed to be amended, was acceptable to the Staff Organisation. The Committee took the view that this represented a very satisfactory outcome of a difficult operation and agreed to recommend to the Court of Directors that the draft Recognition and Procedure Agreement be approved.

The Deputy Governor acquainted the Committee of the following matters -

- CT 6101
1. A review of catering arrangements had recently been undertaken by an outside consultant. The Deputy Governor outlined the findings contained in the report and said that the principal recommendation was that the Bank should dispense with the
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services of catering contractors and take over the management of the arrangements themselves. The point was made in the course of discussion that the engagement of catering staff as employees of the Bank could give rise to a number of problems; and the Committee agreed that the issue called for careful examination. Proposals on this, and other matters arising from the review, would be submitted to the Committee in due course.

2. Consideration was being given to an early retirement offer in order to offset staff surpluses arising from expenditure cuts and compounded by low wastage rates. It was the intention that the facility would be more selective than previous offers and that it would be directed at junior levels of staff where surpluses would be occurring. The Deputy Governor added that proposals would be put forward shortly.

CT 60.06

*H. B. J.*  
*Secretary*



THURSDAY, THE 29TH APRIL 1976

Present

The Governor  
The Deputy Governor  
Lord Robens  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

1. That, following a re-assessment of their rôles and structures, the Economic Intelligence and Overseas Departments should be re-organised as follows:-
  - (a) The Economic Intelligence Department, including the Economic Section, to be re-formed into two Divisions, to be known as the Financial Statistics Division and the Economics Division, with, in addition, an Industrial Finance Unit. The Financial Statistics Division will be concerned with Domestic and External Statistics, Mathematical Techniques and Computer Services, while the Economics Division will be divided into three sections concentrating respectively on External Policy, General Economic and Fiscal Policy and Domestic Monetary Policy.
  - (b) In the Overseas Department, in order to reflect the change in emphasis from mainly territorial coverage towards a functional approach to problems, two Divisions, to be known as the Territorial Division and the Functional Division, to be formed in place of the present three broad geographical divisions.

CT 202

CT 53

9



2. That W.T.HILLAGE (57), an Adviser (Grade I), be appointed a Deputy Chief of the Economic Intelligence Department to take charge of the Financial Statistics Division; and that A.J.G.WOOD (54), also an Adviser (Grade I) in the Economic Intelligence Department, be an Adviser (Grade I) in the Cashier's Department, on his present salary scale.
3. That, in order to differentiate clearly between distinguished men from other fields brought in to advise the Governor on a personal basis and senior advisers in the Overseas Department or elsewhere who have joined the Bank on a career basis, the rank of "Adviser to the Governors" should be re-designated "Adviser to the Governor" and henceforth be reserved to specialists recruited from outside the Bank. SIR HENRY BENSON will therefore now become an "Adviser to the Governor".

As a consequence, it is further proposed that a new rank entitled "Chief Adviser" be created and that J.A.KIRBYSHIRE (52), an Adviser to the Governors, be appointed a Chief Adviser in the Overseas Department, at his present salary level.

4. That the following additional appointment be made in the Overseas Department -

M.J.BALFOUR (50),	to be a Chief Adviser
a Senior Adviser,	at a salary of £18,300.

A Report of the Staff Committee on the Chief of Establishments' review of Salary Policy and Fringe Benefits was submitted and referred to the Court of Directors.

The Governor acquainted the Committee of the following matters -

1. With reference to a Minute of the 8th April, the prospectus for the Equity Bank was now due to be published on the 13th May.

2. [REDACTED]

CT 83  
CT 60  
SEC 10

3. The issue of a further press notice by the Bank which had requested Authorised Banks in the United Kingdom not to make a market in high-sum lire notes until further notice, a course of action in concert with that taken in other E.E.C. countries.

CT 51

The Governor also spoke in general terms about the Bank's policy in relation to the support of sterling.

CT 51

*de la Roche*  
*Secretary*

THURSDAY, THE 6TH MAY 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll

The Draft Minutes of the last Meeting were read and agreed.

ST 70 03  
The Governor informed the Committee, in confidence, that the appointment of Sir Robert Clark to the Court of Directors would be announced from No.10, Downing Street, that afternoon.

The following were submitted and referred to the Court of Directors -

1. A Minute on an appointment recommended by the Governors.
2. The Quarterly Report of the Charitable Appeals Committee.

The following were also submitted -

- ST 81 01
1. The Quarterly Report on Errors and Omissions.
  2. A statement of Official Reserves at the end of April.

ST 82  
ST 40  
ST 10  
ST 60  
ST 60 01  
ST 40 02  
The Deputy Governor mentioned briefly a further delegation of authority in respect of appointments to and within the administrative ranks up to and including Scale II, and also in connection with the engagement of short-term contract staff.

*H. G. H.*  
*Secretary.*

THURSDAY, THE 13TH MAY 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

- I. That Sir Robert Clark be appointed to serve on the Staff and Securities Committees and to accompany Lord Nelson to visit the Leeds Branch.
- II. That a donation of £2,000 be made for the relief of suffering caused by the Italian earthquake.

With reference to a Minute of the 18th June 1969, the Committee agreed that the allowance paid to [redacted] be continued, but at the rate of £300 a year.

The Governor acquainted the Committee of the following matters -

1. With reference to a Minute of the 29th April, the prospectus of Equity Capital for Industry Limited, together with the report of the Working Party, were being issued that day. The total capital available for subscription in shares and units was £50 million and it was hoped that the response to the offers would be favourable.
2. [redacted]  
[redacted]  
[redacted]  
[redacted]
3. A new Exchange Control ruling in connection with option dealings with stipulated that sales must be at the current rate in the official foreign exchange market rather than through the investment currency premium pool.

*Secretary*

THURSDAY, THE 20TH MAY 1976

Present

The Governor  
Lord Nelson  
Lord Robens  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

The Quarterly Report of the Audit Committee was submitted and referred to the Court of Directors.

The Governor acquainted the Committee of the following matters -

1. The situation regarding the business of Edward Bates & Sons (Holdings) Limited and the provision of a standby facility to cover the deposits of its subsidiary, Edward Bates & Sons Limited, an authorised bank, which had been made available by the Bank and the First Arabian Corporation.
2. There had been a long series of discussions between the Bank and the London Metal Exchange on the need to improve the market's surveillance arrangements and the defences against potential abuses arising from excessive speculation. At a meeting held last week with the chairman of the Exchange, the particular situation in zinc had been discussed and the very sharp rise in non-trade activity which the end-April special survey had thrown up. The chairman had agreed to take steps to ensure that ring dealers were asked to stop taking non-trade business in zinc until further notice and an announcement in those terms was made by the Exchange on the following day.

3. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

4. Sir Henry Benson, an Adviser to the Governor, had been appointed chairman of the Royal Commission on the Legal Profession and Legal Services.

*H. Benson.*  
*Secretary.*

THURSDAY, THE 27TH MAY 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

- I. A Minute of the Charitable Appeals Committee on the granting of a donation.
- II. A Report of the Committee on Bank Premises on their work.

The monthly Banking Figures as at the 21st April were also submitted.

With reference to a Minute of the 4th December 1975, the Governor spoke to the Committee about an agreement in principle for the sale of the Burmah Oil Company's North American oil and gas interests for \$520 million. He said that the amount in question was a considerable improvement on an earlier offer which had been rejected by the company, with the agreement of H.M. Government and the Bank. While it would not be sufficient to cover in full the loans guaranteed by the Bank, amounting to \$554 million, it was felt that it was the best possible figure obtainable in present circumstances and it would enable the company to effect a substantial reduction in its net borrowing.

The Governor also mentioned briefly -

1. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



- N/E
2. A meeting and dinner which had been held at the Bank for leading members of the Trades Union Congress.
3. With reference to a Minute of the 5th February, that Mr. Ian Wigglesworth, M.P., had lunched at the Bank.
- CT 101  
CT 51
4. The recent discussions with the International Monetary Fund Consultations Mission.

*Secretary.*

THURSDAY, THE 3RD JUNE 1976

Present

The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

CF 81  
CT 70  
Following a wide-ranging discussion on the present position of sterling and the need to restore confidence in the currency, it was agreed that views expressed by the Committee should be repeated at Court that day.

It was agreed to recommend to the Court of Directors that an Account be opened in the name of the "Central Bank of Oman".

CT 50  
AL 1001  
The Deputy Governor spoke about the operating profit of the Banking Department for the year ended the 29th February last and, with the aid of illustrative figures, discussed with the Committee certain relevant matters including provisions for losses and the size of the final payment to be made to H.M. Treasury.

*H.C. Laing*  
Secretary.

THURSDAY, THE 24TH JUNE 1976

Present

The Governor  
Lord Nelson  
Lord Robens  
Mr.Cadbury

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

I. That an account be opened in the name of [redacted]  
[redacted]

II. That, consequent upon the forthcoming retirement of G.L.L.de Moubray, Head of Computer Services, Administration Department, the following appointments be made:-

A. In the Administration Department -

R.A.J.MIDDLETON, M.B.E., (52) to be a Deputy Chief of  
a Deputy Chief Accountant, Administration and Head  
of Computer Services  
at a scale salary of  
£16,495 (actual £16,190)

B. In the Accountant's Department -

D.G.H.FOSTER, (51) to be an Assistant Chief  
a Principal, Scale II, Accountant, Scale I, at  
a basic salary of £12,611.

III. That, consequent upon the recent review of the Bank's catering arrangements, [redacted], at present employed as Group Catering Manager of the [redacted], be appointed to the Service of the Bank as Catering Adviser, on the following terms:-

- (a) A six-month period of probation to be served.
- (b) Notice to be one month on either side while on probation; thereafter three months.
- (c) Basic salary to be £8,739 (Administrative Staff, Scale IV) plus the £430 non-pensionable London Allowance.



- (d) Appointment to be effective from the date of starting work at the Bank.
- (e) To become a member of the Pension Fund (Specially Appointed Staff); any added period of service to be determined by the Governors.
- (f) The terms and conditions of service for Banking Staff to apply.

The Committee had before them three Reports of the Staff Committee on the following subjects:-

1. Banking Staff resignations.
2. Efficiency and Economy suggestions.
3. An increase in Pensions and Allowances.

CT 60.06  
CT 196  
Mr. de Rothschild and Mr. Blunden attended. After speaking to the first two Reports, Mr. de Rothschild then outlined the Staff Committee's proposals for an increase in pensions and allowances which were acceptable to the Committee. Discussion centred on a suggestion by the Staff Committee that the recommended award should be accompanied by a statement of intent by the Bank that, so far as possible, any imbalance in the level of pensions and allowances resulting from the proposed tapering arrangements would be restored when conditions permitted. The Committee concluded that it would be inappropriate to make a statement in the form suggested and it was left that further consideration should be given to the manner in which any expression of intent of this nature might be drafted. With this reservation, the Committee agreed that the three Reports should be referred to the Court of Directors.

*[Handwritten signature]*  
Secretary.

THURSDAY, THE 1ST JULY 1976

Present

The Governor  
Lord Nelson  
Lord Robens  
Mr.Cadbury

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The Draft Minutes of the last Meeting were read and approved.

CT 60.06  
CT 61  
CT 156  
With reference to a Minute of the previous week about proposals for an increase in pensions and allowances, Mr.de Rothschild and Mr.Blunden attended to speak to their papers regarding the Staff Committee's suggestion that the recommended award should be accompanied by a statement of intent and consultative discussions which had taken place with the Staff Organisation. In introducing his paper on the first subject, Mr.de Rothschild said that the revised expression of intent, which had been drafted in a more precise manner, reflected the Staff Committee's concern about the future position of pensioners who would be liable to suffer from the proposed tapering arrangements. The Committee expressed some anxiety at the prospect of making a statement of the kind suggested, which it might not be possible to implement at some later stage, and preferred, if it were deemed necessary to issue some form of pronouncement, to limit it to an intention to review the matter in the light of conditions appertaining at the time.

With regard to the other point, Mr.Blunden outlined to the Committee the consultative discussions which had been held with the Staff Organisation. He said that they had strongly opposed the proposition that present circumstances were extraordinary and had challenged the Court's right to determine the existence of such circumstances without their agreement. He stressed that the major concern of the Staff Representatives was with the large number of pensions and allowances below £2,000; and that they had maintained that an award of less than the rise in the retail price index would cause real hardship in this area and would not be consistent with the first phase of the Government's pay policy.

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Mr. Blunden commented that he was not recommending a variant to the Staff Committee's original recommendations but, in the present exceptional situation, he was merely reporting to the Committee of Treasury on his recent consultations with the Staff Organisation. The Committee concluded that the various aspects of the issue called for careful examination and it was left that the Staff Committee should be asked to put forward recommendations on this matter, and also on the question of a statement of intent, to their next Meeting.

A further paper which set out the proposed terms of a new Selective Early Retirement Scheme was submitted and referred to the Court of Directors.

*H. Blunden*  
*Secretary*

THURSDAY, THE 8TH JULY 1976

Present

The Governor  
Sir Maurice Laing  
Lord Robens

The Draft Minutes of the last Meeting were read and agreed.

CT 50  
CT 52  
It was agreed to recommend to the Court of Directors that the Annual Report and Accounts of the Bank for the year ended the 29th February 1976 be printed and issued.

ST 60.06  
ST 196  
With reference to Minutes of the previous week and earlier about proposals for an increase in pensions and allowances, the Committee had before them a further Report from the Staff Committee on the subject. Mr. de Rothschild and Mr. Blunden attended and the Committee considered the new recommendations in the light of the Staff Organisation's representations and also awards made by other bodies. They concluded that, with the deletion of the word "sympathetically" from a proposed statement of intent to be sent to those persons to whom the maximum increase would apply, the recommendations were acceptable and should be referred to the Court of Directors.

A Minute of the Charitable Appeals Committee on the granting of a donation was submitted and referred to the Court of Directors.

ST 80.01  
A statement of Official Reserves at the end of June was also submitted.

ST 60  
ST 12  
With reference to Minutes of the 9th April 1975 and earlier, the Governor informed the Committee that [redacted], who had been required to resign from the Banking Staff in 1973, had now obtained employment as [redacted].

*W. Laing*  
Secretary



THURSDAY, THE 15TH JULY 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors that an Account be opened in the name of the

The Quarterly Report of the Charitable Appeals Committee was submitted and referred to the Court of Directors.

The Governor acquainted the Committee of the following matters -

1. With reference to Minutes of the 4th March and earlier, he had attended the previous day to give oral evidence at the final session with the Select Committee on Nationalised Industries. The Select Committee's report was likely to be published in the autumn.
2. A forthcoming visit to the Bank by an Argentine Economic Mission.
3. In response to an approach for the provision of technical assistance, Bank officials would be visiting Caracas later this month to advise on foreign borrowing for the Venezuelan Development Plan.
4. A meeting at the Bank the previous day of senior representatives of the clothing industry.

*B. Gough*  
Secretary.



THURSDAY, THE 22ND JULY 1976

Present

The Deputy Governor  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. The Quarterly Report and Annual Report of the Committee to consider the Securities of Certain Funds.
2. A Report of the Staff Committee on the Chief of Establishments' Report on Manpower Review and Planning.

27.66.37 With reference to a Minute of the 19th November 1975, a further Report of the Staff Committee on Housing Loans was also submitted. A proposal that the whole of the borrowing limits approved by the Court last November should be available on the normal terms of the Housing Loan Scheme was acceptable to the Committee. The Staff Committee had recommended that the change should be effective from the 1st August 1976 but that, in the interests of negotiating freedom, the Staff Director be granted latitude to back-date the proposal, if necessary, to the 1st December 1975. The Committee considered that it would be preferable to make the proposal effective from the date of the introduction of the latest borrowing limits, namely, the 1st December 1975, and, with that modification, agreed that the Report should be referred to the Court of Directors.

*[Signature]*  
Secretary.

THURSDAY, THE 29TH JULY 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

CT 79 The Governor discussed with the Committee the proposals that had been made by the Chancellor of the Exchequer in his Parliamentary statement the previous week and commented on the reactions to them in the various markets.

The following were submitted and referred to the Court of Directors -

1. A Report of the Committee on Permanent Control of Expenditure.
2. The Report and Accounts of the Bank of England Pension Fund for the year ended the 29th February 1976.

CT 80.11 The Deputy Governor spoke to the Committee about the Educational Loans Scheme and referred to the factors which would give rise to problems for those members of the staff who had committed, or might wish to commit, themselves to an expensive course of education for their children in expectation of a given degree of assistance from the Bank. He said that it had been proposed that the Bank, together with the Staff Organisations, should undertake a thorough review of these problems. In the meantime, it was the intention that, in order to alleviate difficulties facing existing borrowers, further advances, which would be secured by means of endowment assurance, would be made available. A draft Notice to the Staff on these matters was submitted to the Committee for their consideration and met with their approval.

G

CT 70.01  
The Deputy Governor also spoke about the position of former Governors and Executive Directors who were currently in receipt of pensions under the Court Pension Scheme and whose pensions were last increased in 1974. In discussion, the need to enhance these pensions was accepted and it was agreed that it would be reasonable to grant an increase of 30%, representing approximately two-thirds of the rise in the cost of living since the date of implementation of the previous award. It was left that formal proposals would be submitted to the next Meeting of the Committee.

The Governor acquainted the Committee of the following matters -

- CT 70  
CT 71  
CT 70.01
1. A Motion regarding the Governor and Members of the Court had been tabled by Mr. Tom Litterick, M.P., who had also submitted two Parliamentary Questions concerning the responsibilities of the Governor and levels of remuneration.
  2. It was expected that the White Paper on the Licensing and Supervision of Deposit-taking Institutions would be published on the following Tuesday.
- CT 90

*LC for Jh.*  
*Secretary*

THURSDAY, THE 5TH AUGUST 1976

Present

The Deputy Governor  
Lord Nelson  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

CT 70.01

With reference to a Minute of the previous week, the Committee agreed to recommend to the Court of Directors that, with effect from the 1st July 1976, the pensions and ex gratia allowances in payment to former Members of the Court in respect of their exclusive services be increased by 30%, such percentage representing two-thirds of the rise in the retail price index since the 1st July 1974 when pensions granted before that date were last increased: and in the case of the one new Court pensioner since the 1st July 1974 (Mr. Davies) representing two-thirds of the increase in the retail price index since the remuneration on the basis of which he was pensioned was last increased. No part of these increases to be commutable.

The Quarterly Report of the Audit Committee was submitted and referred to the Court of Directors.

The Quarterly Report on Errors and Omissions was also submitted.

With reference to Minutes of the previous week, the Deputy Governor acquainted the Committee of the following matters -

- CT 90
1. The initial reactions to the publication of the White Paper on the Licensing and Supervision of Deposit-Taking Institutions. The Committee considered the proposals outlined in the White Paper and discussion centred on problems likely to be associated with the introduction of a mandatory deposit protection fund.
- 5

2. A further Parliamentary Question concerning the  
Members of the Court which had been submitted  
by Mr. Tom Litterick, M.P.

67 70  
J. P. H.  
Secretary.



THURSDAY, 'THE 9TH SEPTEMBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing

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The Draft Minutes of the last Meeting were read and agreed.

The Governor spoke about the state of markets and the factors currently affecting the sterling exchange rate.

[REDACTED]

CT 60

CT 61

CT 62

5

The Governor also mentioned briefly -

CT 90  
1. The statement issued by the National Executive  
Committee of the Labour Party on Banking  
and Finance.

CT 90  
2. His meeting the previous day with the Chairmen  
of the London Clearing Banks.

*W. G. B. H.*  
*Secretary.*

THURSDAY, THE 16TH SEPTEMBER 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. A Minute on an Appointment recommended by the Governors.
2. A Minute of the Charitable Appeals Committee on the granting of a donation.

[REDACTED]

CY End  
CY 60

[REDACTED]

Mr. Blunden attended and spoke about a request by the Staff Organisation for the provision of cars for Administrative Staff. He explained that this was an issue raised by the comparability exercise which had remained unresolved, although the Staff Organisation had been informed more than once in the course of the last year that the likelihood that the Bank would provide cars for Administrative Staff generally was very remote. The Staff Organisation had recently suggested a scheme for the provision of cars for those members of the Administrative Staff who were willing to forego an appropriate amount of remuneration, on a scale based on the assessed benefit of cars as laid down in this year's Finance Act. He had rejected this approach; but the Staff Organisation had nevertheless now submitted a formal claim. He therefore sought the Committee of Treasury's approval for the

69/02

69

rejection of this claim by the Bank side of the Joint Negotiating Council. In discussion, the Committee noted that such an arrangement would be in conflict with the Bank's policy to provide cars only when these were required for work purposes. It was also pointed out that while the clearing banks provided an analogue for junior levels of staff, so far as senior staff were concerned, comparisons with the civil service had to be taken into account. For these reasons, the Committee agreed that the Organisation's claim should be rejected.

With reference to Minutes of the 10th December 1975 and earlier, the Governor spoke about the annual report and accounts of Slater, Walker Securities Limited which had been published on the previous day. He emphasised the problems with which the Bank had been faced on the abrupt resignation of the chairman of the Slater, Walker group and outlined the support moves taken by the Bank, in the public interest, initially by means of a standby facility and later by way of a guarantee. He underlined the fact that the Bank's primary objective had been to protect the Slater, Walker bank and particularly its depositors and that, in cases such as this, it was never the Bank's concern to safeguard the shareholders. It was likely that the Bank would suffer some loss. Though its extent could not be accurately assessed at this stage, the Governor recalled that a substantial provision for such a contingency had been made in the Bank's accounts for the year ended February 1976.

67.221  
*K. J. P. H.*  
*Secretary.*

THURSDAY, THE 23RD SEPTEMBER 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

Three Reports of the Staff Committee on the following subjects were submitted and referred to the Court of Directors -

1. Banking Staff resignations.
2. The payment of certain gratuities.
3. The Chief of Establishments' Annual Reports on Staff.

Mr. Blunden attended and the Deputy Governor spoke about industrial democracy, referring to the investigations being conducted by the Bullock Committee and to parallel exercises relating to the public sector. He said that it was necessary for the Bank to formulate some views on the subject, which would be submitted through the Treasury to the Civil Service Department. The Bank of England Staff Organisation had already produced a paper on employee participation, one suggestion in which was that two representatives should be chosen from, and by, their members to sit on the Court, with the duty to advise the Governors and Directors of staff views on all matters concerning the staff. The Deputy Governor suggested that the Bank should argue firmly that the nature of the Court was such that it should be exempted from any legislation requiring worker participation on boards; but he observed that, bearing in mind aspirations and trends in different sectors of the community, the Bank would surely be right to make some positive move towards greater consultation with and involvement of the Staff Organisation. He therefore suggested that there were grounds for reviving the Council of Directors and Staff in some form, to act in a consultative capacity rather than in a participatory manner; and also perhaps to create opportunities for Staff Organisation involvement in meetings of certain Court Committees.

CT 70  
CT 61

61



In discussion, questions were raised about the kinds of structure adopted in western European central banks in this connection and the view was expressed that it might be of benefit to examine some of these methods. The Committee agreed that the Bank should seek to ensure that <sup>the</sup> Court were exempted from worker participation and that the proposal to reactivate the Council of Directors and Staff in some form was worth pursuing. It was left that ways in which the Bank should seek to develop arrangements, suitable to their particular position, should be drawn up and submitted shortly for discussion by the Court.

The Governor mentioned briefly -

1. The announcement that day of increases in the delegated limits within which foreign exchange facilities for business travel might be issued without the prior approval of the Bank.
2. The intention to hold an informal meeting with members of the Confederation of British Industry at the Bank in October.
3. With reference to Minutes of the previous week and earlier, certain developments affecting the former chairman of the Slater, Walker group.

*H. G. H.*  
*Secretary.*

THURSDAY, THE 30TH SEPTEMBER 1976

Present:

The Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens

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The Draft Minutes of the last Meeting were read and agreed.

ST 81  
ST 101  
The Governor spoke about the application by the Chancellor of the Exchequer to the International Monetary Fund for a standby comprising the United Kingdom's remaining credit tranches in the Fund together with the temporary 45% increase applicable to all tranches agreed at the meeting of the Interim Committee in January last at Jamaica.

ST 80  
ST 107  
ST 102  
In the course of a general and wide-ranging exchange of views with the Committee on the domestic economic scene, the Governor referred to the Government's expressed intention to undertake a review of the country's financial institutions, including the Bank. At the same time, the Prime Minister had informed the Labour Party's National Executive that the Government could not accept its proposals for the nationalisation of the leading banks and insurance companies and that he would not recommend that such a plan should be included in the Party's next general election manifesto. The Governor added that it was not yet known what form the review would take nor was there any indication of the range of the inquiry.

ST 240  
With reference to Minutes of the 27th May and earlier, the Governor informed the Committee that revised support arrangements had been made available to the Burmah Oil Company. In place of the outstanding dollar borrowings guaranteed by the Bank, which were being repaid, the Bank had agreed to provide a new guarantee of dollar borrowings totalling \$100 million for up to five years. In addition, the amount of the standby facility was being

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increased to £85 million until June 1977, thereafter continuing at £60 million up to June 1982, when it would terminate. The Governor mentioned, with regard to the British Petroleum Ordinary Stock Units held by the Bank, that it appeared likely that a writ would be served on the Bank by the company in the following week.

H. L. J. H.  
Secretary.

THURSDAY, THE 7TH OCTOBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

A Minute of the Charitable Appeals Committee on the granting of a donation was submitted and referred to the Court of Directors.

A statement of Official Reserves at the end of September was also submitted and the Committee discussed exchange rate policy in general terms.

With reference to Minutes of the previous week and earlier, the Deputy Governor reported that a writ had, as expected, been served on the Bank by the Burmah Oil Company, seeking the return of the holding of British Petroleum Ordinary Stock Units bought by the Bank in January 1975. He commented that, when the case was eventually heard in the Courts, it would emerge that the Bank had sought to persuade the Government not to insist on a straight purchase of the British Petroleum holding and had argued instead for a profit-sharing arrangement. It had nevertheless been necessary to accede to the Government's views, as without their guarantee the Bank would have felt that the risks of the overall rescue operation were too great for them to carry.

The Deputy Governor also spoke about medical examinations for the staff. He said that it was intended to institute arrangements for simple medical checks in the Bank for staff aged 35 or over. These would be on a voluntary basis, and, whenever necessary, those examined would

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be directed to their own medical advisers. In addition, it was proposed to offer British United Provident Association medical examinations to the Heads of Departments and other senior staff, totalling about 40 in number; these would also be voluntary and would be at the Bank's expense. The Committee agreed that it would be sensible to make arrangements on these lines.

With reference to Minutes of the previous week and earlier, the Governor acquainted the Committee of the following matters:-

1. The terms of reference for the Government's proposed review of the country's financial institutions were being drawn up but it was still not known precisely what form the investigation would take. He said that while a more formally constituted body, such as a Royal Commission, would be preferable to a Departmental inquiry, it must be doubtful whether one would be established.
2. Following the useful discussion at Court the previous week on the subject of industrial democracy, the paper setting out the Bank's views had been amended in the light of comments made and sent to the Treasury.

*H. G. Jones*  
Secretary.



THURSDAY, THE 14TH OCTOBER 1976

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens

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The Draft Minutes of the last Meeting were read and agreed.

With reference to Minutes of the previous week and earlier, the Governor acquainted the Committee of the terms of reference for the Government's inquiry into the country's financial institutions.

[REDACTED]

The Deputy Governor spoke about the desirability of relocating some functions performed by the Bank in London in order to fill spare space at the Branches. He said that a review had indicated that some exchange control work could be detached without an unacceptable weakening of central control of policy (about which the parent department had a justifiable concern), and accordingly it had now been agreed that work on emigration would be diverted to Manchester and certain post facto work, concerned with statistics, monitoring retained accounts and examination of accounts of overseas subsidiaries of U.K. companies, would be moved to Birmingham. Such transfers of functions, which would take some time to arrange, would effectively fill the vacant accommodation at both Branches.

5

14/2 The Governor spoke to the Committee about his speech at the Bankers' and Merchants' Dinner at the Mansion House the following week.

14/2 The Governor also mentioned briefly the recent informal meetings with members of the Confederation of British Industry and jobbers in the gilt-edged market.

*W. H. H.*  
*Secretary.*

THURSDAY, THE 21ST OCTOBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

The Quarterly Report of the Charitable Appeals Committee and a Minute on the granting of a donation were submitted and referred to the Court of Directors.

The Governor acquainted the Committee of the main points he proposed to make in his annual Mansion House speech.

Following a wide-ranging discussion on aspects of the current situation and the position of the Bank, it was agreed that it would be desirable to hold periodic working dinners for Directors and also to devote more time at Court to consideration of the assessments of the economy published in the Quarterly Bulletin.

The Governor also referred to the situation regarding the Direction and asked members of the Committee to suggest suitable names.

*P. H. Crook*  
Asst. Secretary

THURSDAY, THE 28TH OCTOBER 1976

Present

The Deputy Governor  
Lord Nelson  
Lord Robens

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The Draft Minutes of the last Meeting were read and agreed.

A report of the Staff Committee on the operation of the Scheme for Efficiency and Economy Suggestions was submitted and referred to the Court of Directors.

With reference to Minutes of the 24th June 1976 and earlier concerning a review of the catering arrangements, the Deputy Governor reported that a detailed survey of the arrangements conducted by the newly appointed Catering Adviser had confirmed the earlier recommendation of the independent professional consultant, namely, that the Bank should dispense with the services of the catering contractors and take over responsibility themselves for the arrangements. Detailed proposals would be submitted via the Staff Committee in due course. Meanwhile it was proposed that Gardner Merchant Food Services Limited should be given preliminary advice of the intention to serve them formal notice as at the 31st December 1976 of the termination of their contract at the end of June 1977. The point was made in discussion that, whatever the arrangements made for self catering, considerable problems could result and that consequently a preferable alternative might be to secure the services of another catering contractor, despite the fact that the advice received had been against this. The Committee agreed that this issue called for careful consideration.

Figures showing the outturn of the Banking Department's Profit and Loss Account for the half year ended the 31st August 1976 were laid before the Committee. The Deputy Governor referred briefly to the possible range and size of the provisions that might be required at the end of the financial year. Further consideration of the figures was, however, deferred pending a fuller attendance of members.

*Secretary*

THURSDAY, THE 4TH NOVEMBER 1976

Present

A Full Committee

The Draft Minutes of the last Meeting were read and agreed.

The Quarterly Report of the Audit Committee was submitted and referred to the Court of Directors.

The following were also submitted -

1. A Report from Sir Maurice Laing and Mr. Clay on their visit to the Newcastle Branch.
2. The Quarterly Report on Errors and Omissions.

A statement of Official Reserves at the end of October was also submitted and the Committee discussed in general terms the questions of intervention by the Bank in support of sterling and the role of sterling as a reserve currency.

With reference to Minutes of the previous week, the Deputy Governor reported the results of the Banking Department's operations for the half year ended the 31st August 1976 and spoke about the possible outturn for the full financial year and the size of the provisions that might be required.

With reference to Minutes of the 21st October concerning the Direction, the Governor asked Members of the Committee to put forward any further suitable names for consideration.

The Governor also acquainted the Committee of his intention to seek the Court's agreement to give the Governors discretion to vary the date of the second payment of 1% of the further call for Special Deposits, which had been approved on the 7th October.

*H. G. H.*  
Secretary



THURSDAY, THE 11TH NOVEMBER 1976

Present

The Deputy Governor  
Lord Nelson  
Lord Robens  
Sir Eric Roll

The Draft Minutes of the last Meeting were read and agreed.

With reference to a Minute of the previous week, the Deputy Governor reported that it had been decided that the call for Special Deposits of 1% of eligible liabilities, approved on the 7th October and due on the 15th November, should now be payable on the 14th December.

A press release relating to the monthly statement of balances of the clearing banks as at the 20th October was submitted.

The Deputy Governor acquainted the Committee of the circumstances which had given rise to the suspension of a junior member of the Banking Staff. He added that, in view of the unsatisfactory conduct of the woman in question, it was proposed to dismiss her after certain formalities had been completed.

The Deputy Governor also spoke about the situation regarding the Bank's financial assistance for the British National Committee of the International Chamber of Commerce. The Bank had contributed to the organisation since 1947, but the Charitable Appeals Committee had reached the conclusion that last year's donation should be the final payment. Subsequently, the Chairman of the British National Committee had made a strong case for the continuation of the Bank's support. The Deputy Governor said that the matter had been re-examined and, in view particularly of the useful work undertaken by the British National Committee in the field of standardisation of banking documents and more generally of the undesirable effect of a withdrawal of the Bank's support at the present time, it was felt that a further contribution of £1,000 should be made. The Committee concurred.

*h. l. m.*  
*Secretary*

THURSDAY, THE 18TH NOVEMBER 1976

Present

The Deputy Governor  
Lord Nelson  
Lord Robens  
Sir Eric Roll

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors that an account be opened in the name of [REDACTED].

The Quarterly Report of the Committee to Consider the Securities of Certain Funds was submitted and referred to the Court of Directors.

The Deputy Governor acquainted the Committee of the following matters:-

1. The B.B.C. were planning to devote the edition of "The Money Programme" due to be televised on the 26th November to the Bank. He described the likely content of the programme and said that some filming for it had already taken place. He commented that it was in the Bank's interests to co-operate in its production but the extent of participation by representatives of the Bank, as opposed to the giving of advance briefing, remained to be determined.
2. With reference to Minutes of the 15th July and earlier, the Report on the Bank by the Select Committee on Nationalised Industries would be published on the 8th December.
3. The Governor's intention to recommend to the Court that day the re-introduction of the Supplementary Special Deposits scheme that had been suspended on the 28th February 1975: and also of forthcoming changes in the exchange control rules.

*Secretary*

THURSDAY, THE 25TH NOVEMBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens

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The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

- I. A Minute on the re-engagement of an Adviser, Grade I, on a short-term contract from the date of his retirement, recommended by the Governors.
- II. A Report of the Staff Committee on the Chief of Establishments' Review of Premises and the Technical and Services Staff.

The following were also submitted -

1. A Report from Mr. de Rothschild on his visit to the Southampton Branch.
2. The monthly Banking Figures as at the 20th October.
3. A statement of Forthcoming Retirements.

With reference to Minutes of the 4th November and earlier, the Governor discussed with the Committee names for the Direction.

With reference to a Minute of the previous week concerning the forthcoming edition of "The Money Programme", the Committee considered the desirability of participation in the programme. The view was expressed that the Bank should be represented and preferably by the Governor himself.

The Governor acquainted the Committee of the following matters:-

9

- CF 90.04  
CT 81  
CT 9.9  
CT 10.1  
CT 81  
CF 90
1. The issue of a press notice by the Bank concerning the establishment of a Sterling Brokers' Association.
  2. The trend of the discussions with the I.M.F. mission.
  3. The part being played by the Bank in an attempt to reconcile differences between the clearing banks and the Inflation Accounting Steering Group.

*de Gorge.*  
*Secretary.*

THURSDAY, THE 2ND DECEMBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors that a donation of £2,000 be made for the relief of suffering caused by the recent Turkish earthquake.

A Report of the Committee on Permanent Control of Expenditure was submitted and referred to the Court of Directors.

The Governor acquainted the Committee of the following matters:-

1. Lord Trevelyan, President of the Council of Foreign Bondholders, had asked that the City's subsidy to the Council be continued next year at £15,000. It was proposed to seek contributions on the same basis as last year from -

168

Clearing Banks	£5,500
British Insurance Association	£1,350
Association of Investment Trusts	£500

and that the Bank should contribute the balance of £7,650.

2. A formal announcement was expected shortly of the appointment of Mr. D. C. Macdonald, presently chairman of the Issuing Houses Association and a director of Hill Samuel & Co. Limited, to be Director-General of the Panel on Take-overs and Mergers, with effect from the 1st April 1977.
- 85  
Hill Samuel
- 5



CT 83  
Office file

The Governor also mentioned that the Confederation of British Industry, one of the constituent members of the Take-over Panel, had recently intimated that they proposed to discontinue their financial support yet still wished to remain represented on the Panel.

207  
CT 84

3. His forthcoming meeting on Securities Regulation with the chairmen of various City organisations.

CT 20.046

4. Lord Weir was seeking the Court's approval to join the board of B.I.C.C. Limited.

H. D. D. D.  
Secretary

THURSDAY, THE 9TH DECEMBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens

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The Draft Minutes of the last Meeting were read and agreed.

A Minute of the Charitable Appeals Committee on the making of a donation was submitted and referred to the Court of Directors.

CT 87.01  
A statement of Official Reserves at the end of November was also submitted.

CT 90  
The Governor spoke to the Committee about the recent announcement that the Standard Bank Limited was to acquire Wallace Brothers & Co. (Holdings) Limited, one of whose subsidiaries was Wallace Brothers Bank Limited, an authorised bank. He outlined the Bank's role in this complex plan and explained that, although the method proposed was the most economical that the Bank could devise, it must be expected that some eventual loss would fall to be met by the Bank in due course.

CT 90.33  
With reference to Minutes of the 18th November and earlier, the Report of the Select Committee on Nationalised Industries on the Bank of England had been published on the previous day. The Governor referred to the general tone of the Select Committee's findings and also spoke about certain press comments on the Report.

CT 90  
The Governor also mentioned briefly his meetings the previous day with -

- CT 90  
CT 94.207
1. the chairmen of the London Clearing Banks;
  2. the chairmen of a variety of City organisations, at which it was agreed to set up a small working party to submit recommendations on the self-regulation of the securities markets.

*Secretary.*

THURSDAY, THE 16TH DECEMBER 1976

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

With reference to a Minute of the 11th November, the Governor reported that it had been decided that the second payment of 1% of Special Deposits, due on the 14th December under the recent further call, should now be made on the 28th January 1977.

The following were submitted -

1. A statement of Overseas Trade Figures for November.
2. The monthly report on Industry and Finance.

The Governor spoke to the Committee about the measures that had been announced by the Chancellor of the Exchequer the previous day and commented on the initial reactions to them in the markets. The Committee also discussed the state of the economy in general terms.

*J. H. [Signature]*  
Secretary

THURSDAY, THE 23RD DECEMBER 1976

Present

The Deputy Governor  
Lord Robens  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

A Report of the Staff Committee on Banking Staff resignations was submitted and referred to the Court of Directors.

CT 60  
CT 61  
[REDACTED]

CT 81  
CT 82  
[REDACTED]

CT 61  
CT 62  
[REDACTED]

With reference to Minutes of the 7th October and earlier, the Deputy Governor recalled the discussion on industrial democracy and the paper setting out the Bank's views on the subject which had been sent to the Treasury. He spoke of the intention to involve the staff, and their representatives, more closely in appropriate administrative

R.H.

functions and said that, with this aim in mind, and following discussions in Staff Committee and at the recent informal dinner for Directors, it was now proposed that the Staff Organisation should be invited to take part in a joint study group. The Committee were in favour of this initiative and were content with proposed terms of reference for such a group and also the suggested membership.

4-70  
Office file

The Deputy Governor spoke about the discussion at the informal dinner for Directors on the proceedings of the Court and said that it was the intention to pursue the matter further. To this end, Mr. Blunden would be talking to Directors individually in order to gather suggestions and, where practicable, to develop proposals. The Deputy Governor commented that while the objective of making proceedings more informative, and also less formal, was fully accepted, one should not under-estimate the difficulties with regard to certain areas of the Bank's activities.

The Deputy Governor also acquainted the Committee of the following matters -

1. In response to a request from the Committee on Invisible Exports for an increase in financial support, it was the intention to contribute a sum of £5,000 for the forthcoming year 1977/78. While the cost of providing this Committee with a secretariat already made the Bank's contribution a relatively large one, the Bank were sympathetic to the work undertaken, which merited support, although certainly not without limit.
2. The announcement the previous day of the terms of reference for, and the composition of, the new joint Bank of England/Department of Trade review body on the functioning and supervision of the securities markets.
- 27-103  
Office file
3. A first report by a working party to investigate the possibility of removing the Accountant's Department out of London had concluded that there would be no net advantage from making a short-range move but that a transfer to a more distant location would appear more attractive. The estimates employed in this study seemed open to some doubt
- 27-54
- P.H.



and a further exercise had therefore been carried out. The second report had benefited from an examination of where the staff of the Bank lived. This indicated that, for a move within 25 miles of London, there would be a need to relocate relatively few staff but that for a long-range move, staff relocation costs could be unacceptably heavy. Furthermore, it suggested that the savings which would result from a short-distance change in location would pay off capital costs after some four years. In the light of this more promising picture, further investigations of a short distance move would now be undertaken, focussing on identifiable sites.

R. H. H. H. H.  
Asst. Secretary

THURSDAY, THE 6TH JANUARY 1977

Present

A Full Committee

The Draft Minutes of the last Meeting were read and agreed.

With reference to Minutes of the 7th January 1976, the Deputy Governor reminded the Committee of the plans for the extension of the Southampton Branch, principally to provide security arrangements and note handling facilities approaching the standard of those at the new Branches, but also to provide more adequate office and staff amenities space. Since this matter was last reported, the Building Design Partnership had been appointed as Architects and, following their appraisal of the project, they had estimated the cost to be in the region of £840,000, inclusive of fees, against the original estimate of £565,000 which emerged from the preliminary feasibility study by the Bank. It was agreed that the project should go ahead but that, in view of the increased costs, it would be appropriate now to ask the Committee on Bank Premises to examine the plans and estimates and to monitor further progress.

The Deputy Governor acquainted the Committee of the Arbitrator's report and award on the issue of the provision of cars for Administrative Staff, which was considered to be generally satisfactory.

The Deputy Governor, having declared his interest, set out the case for revising the present Court Pension Scheme in the light both of the recent improvements in the Staff Pension Scheme and considerations arising from the provisions of the Finance Act 1970 and the Social Security Pensions Act 1975 in regard to occupational pension schemes. The Bank's consultants had confirmed that such changes and improvements in the Scheme as were envisaged could be implemented without infringing Government Pay Policy and he outlined the main proposals. At the Governor's suggestion it was agreed that a paper setting out details of what was proposed should be circulated for the Committee's further consideration.

*H. J. [Signature]*  
Secretary

THURSDAY, THE 13TH JANUARY 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr.Cadbury

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors that an account be opened in the name of "The Monetary Authority of Swaziland".

CT-37.  
A Minute of the Charitable Appeals Committee on the making of two donations was submitted. It was agreed that a recommendation to give £1,000 a year for seven years to St.Paul's Cathedral should be referred to the Court of Directors: and that the Charitable Appeals Committee should be asked to give further consideration to the Bank's response to the appeal for the Queen's Silver Jubilee Trust.


CT 70.01  
Sgt. L.L.  
With reference to a Minute of the previous week, a paper setting out the main features of proposed revisions to the present Court Pension Scheme had been circulated to the Committee who were content with the changes outlined. It was agreed that it would now be appropriate to proceed to the next stage, of negotiations with the Inland Revenue, before submitting proposals to the Court for their consideration.

CT 61  
CT 70  
CT-73-02  
The Governor informed the Committee that Mr.Laing had raised some points with regard to the composition of the Joint Negotiating Council and the extent to which discretion should be given to the Bank side of the Council in negotiation. After Members of the Committee had expressed some preliminary views, Mr.Laing and Mr.Blunden attended and, following further discussion, it was accepted that, in the

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past, the Bank side of the Joint Negotiating Council had not been given the degree of discretion that was desirable. Rather, however, than adopting a suggestion that the negotiating team be strengthened by the addition of a Member of the Committee of Treasury, it was concluded that the composition of the team should remain unchanged but that before the start of any future negotiations, the Committee of Treasury, together with the Directors serving on the Council, should thoroughly examine the prospective situation and determine the negotiating latitude to be granted to the Bank side of the Council. It was recognised that it might be necessary to convene additional Meetings of the Committee for that purpose.

With reference to a Minute of the 2nd December 1976, the Deputy Governor had discussed with the Director-General of the Confederation of British Industry its contribution to the running costs of the Take-over Panel. The importance of preserving the connection between the C.B.I. and the Panel, and also the difficulties of maintaining representation on the Panel on a non-contributing basis, had been pointed out to the Director-General in the course of the discussion. It had been left that the matter would be held over until June, by which time the C.B.I.'s cash flow position was expected to be clearer.

07.86  
  
Secretary



THURSDAY, THE 20TH JANUARY 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

With reference to a Minute of the previous week regarding the discussion on the negotiating latitude to be granted to the Bank side of the Joint Negotiating Council, the Governor said that the conclusion reached implied, in effect, that the Committee of Treasury would take over the role formerly allotted to the Steering Committee. It would thus seem logical to dissolve the Steering Committee: and it was agreed that a recommendation to that end should be submitted to the Court.

Arising from the announcement the previous week of the new financing facility related to the official sterling balances, a paper on the subject had been prepared for the information of Directors. At the suggestion of the Governor, consideration of the note was deferred until the next Meeting in order to give Members an opportunity to read it. The Committee did however proceed to a discussion of exchange rate policy in general terms.

The Governor also mentioned briefly -

1. [REDACTED]
2. His recent speech at the Biennial Dinner of the Institute of Bankers in Scotland and also his meeting with the Chairmen of the Scottish Clearing Banks on the following day.

*Secret*



THURSDAY, THE 27TH JANUARY 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. Two Reports of the Staff Committee on the following subjects -
  - (i) The Chief of Establishments' Review of General Staff Administration and Training.
  - (ii) The delegation of authority to dismiss staff.
2. A Report of the Committee on Bank Premises recommending the appointment of main contractors for the new Glasgow Office and approval of the total cost.

A statement of unemployment figures for January was also submitted.

With reference to a Minute of the previous week, the Governor introduced the paper on the sterling balances and the new financing facility: and a discussion followed. In addition, the Governor spoke to the Committee about the recently announced \$1,500 million international medium-term loan, arranged by the Bank on behalf of the Treasury.

It was reported that Lord Greene was seeking the Court's approval to become a Trustee of the Parliamentary Industrial Trust.

The Governor also mentioned briefly the report of the Bullock Committee of Inquiry on Industrial Democracy, which had been published the previous day.

*R. Hancock*  
3.2.77

THURSDAY, THE 3RD FEBRUARY 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

The following were submitted and referred to the Court of Directors -

1. A Minute on Appointments recommended by the Governors.
2. A Minute by the Governors recommending the payment of certain gratuities to members of the Printing Works staff.
3. A Report of the Staff Committee recommending the payment of certain gratuities to members of the Banking and Technical & Services staffs.
4. The Quarterly Report of the Committee to Consider the Securities of Certain Funds.

ST 8/0.  
ST 8/1.  
A statement of Official Reserves at the end of January was also submitted. This showed the Reserves at their highest level for some considerable time and the Committee discussed in general terms the factors which had led to the rise and the implications of the inflow of funds from overseas.

ST 7/9.  
The Governor referred to the Press comment which had followed the reduction of 1% in Minimum Lending Rate the previous week and spoke of some of the problems associated with the present procedures for determining the Rate.

ST 7/10.  
With reference to Minutes of the 25th November 1976 and earlier, the Governor discussed with the Committee names for the Direction.

*h.c. [signature]*  
Secretary.

THURSDAY, THE 10TH FEBRUARY 1977

Present

The Governor  
The Deputy Governor  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

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The Draft Minutes of the last Meeting were read and agreed.

CT 10/8  
The Governor spoke about the recently announced issue of unsecured loan stock by Finance for Industry Limited and made the point that, on this occasion, the issue was being brought on a normal commercial basis, rather than relying on the special support which had been mobilised by the Bank, as had been the case in February 1975.

CT 8/1  
The Deputy Governor informed the Committee that a major revision of the method employed in the calculation of movements in effective exchange rates was in preparation. This would take into account a wider range of the United Kingdom's trading partners and more up-to-date trade weightings.

The Governor also mentioned briefly -

- CT 8/1  
CT 7/4  
CT 10/1
1. With reference to Minutes of the 27th January and earlier concerning the new financing facility related to the official sterling balances, that negotiations for the completion of the arrangements had been satisfactorily concluded at the recent meeting of the Central Bank Governors in Basle.
  2. A dinner for representatives of the Press held the previous evening.
  3. The forthcoming secondment of a Deputy Superintendent to the International Monetary Fund for a period of 2 or 3 years.

*bc. for jh.*  
*Secretary.*

THURSDAY, THE 17TH FEBRUARY 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll

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The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

1. That the procedure whereby the Court set a limit to the sum which may be made available each year for the remuneration of Members of the Court who render exclusive service and for the maintenance of a fund for the payment of pensions to them and to former Members of the Court in respect of their exclusive services, be discontinued as from the 1st March 1976.
2. That, with effect from the above-mentioned date, the sum of £728,307.51 accumulated under the above arrangements and set aside on the Suspense Account - Provision for Pensions Charter, be so retained to be utilised, in due course, to fund the proposed new Court Pension Scheme.

Arising from the Annual Review of Staff, a Minute on a Gratuity, recommended by the Governors, to a senior member of the Banking Staff was submitted. In referring the proposal to the Court of Directors, the Committee expressed the view that, in order to avoid liability to tax in the recipient's hands, consideration should be given to the alternative of paying the sum in question subsequent to his forthcoming retirement.

The Deputy Governor spoke about senior salaries, outlining the position of incremental schemes under present pay policy. Under this, a well-defined incremental scheme could continue outside the pay limit provided that its operation represented net a nil or insignificant addition to

67 70.01.  
67 60.01.





the total pay bill of the group covered. The Bank's scheme had been accepted by the Treasury as satisfying this requirement. Those whose gross emoluments exceeded £8,500 per annum were eligible, in the present round of pay policy, to receive any increment under an incremental scheme which had been withheld solely because of the £8,500 cut-off in the previous 12 months; or, in the alternative, any increment due in the current year. As a result, Bank staff from Scale IV up to and including the rank of Deputy Head of Department stood to benefit in one of these ways this year. The Deputy Governor then turned to the position of Heads of Department and Executive Directors. Historically they had not enjoyed incremental scales as such; but before 1974 they had received awards of Personal Pensionable Salary every 4 years. Notionally such increases had been discretionary and dependent on satisfactory performance of duties; but in practice they had been awarded with great regularity. In August 1974 it had been agreed that such increases of Personal Pensionable Salary should be awarded every 2 years at the rate of £750. Accordingly, in 1975 five such increments of £750 were awarded to Heads of Departments or Advisers to the Governors who had held their rank for at least two years since their previous increase in salary. Last year no such awards could be made, because of the £8,500 cut-off. This year, however, if it was right to regard the 1974 decision as the introduction of an incremental scale for these ranks, seven Heads of Departments or Chief Advisers would be eligible for an award of £750 under these arrangements and, additionally, three Executive Directors.

The Governor then sought the views of the Committee on whether it would be appropriate to award such increases under present pay policy. In discussion, it was the general feeling that for these ranks a system of incremental increases every two years had been introduced in 1974 which appeared fully to meet the pay policy criteria, though the point was made that industry did not make comparable provisions for enhancing the remuneration of holders of senior appointments.

The Governor thanked the Committee for their immediate reactions; but said that a paper setting out the situation in detail would be circulated to Members to enable them to give a fully considered view on the matter.

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The Governor mentioned briefly -

- CT 80
1. His recent meeting with the Chairmen of the London Clearing Banks who, on this occasion, were accompanied by their Chief Executive Officers.
- 465
2. His speech at the Annual Dinner of the Finance Houses' Association.
- CT 81
3. With reference to a Minute of the 27th January, the signing at the Bank the previous day of the agreement relating to the \$1,500 million loan arranged on behalf of the Treasury.
- CT 74
4. With reference to a Minute of the previous week, that a further, and more successful, dinner had been held for representatives of the Press.

*h. c. [unclear]*  
Secretary.

THURSDAY, THE 24TH FEBRUARY 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Sir Eric Roll  
Mr. Cadbury

The Draft Minutes of the last Meeting were read and agreed.

With reference to a Minute of the previous week concerning senior salaries, a paper setting out the situation in detail having been circulated to Members, the Committee reaffirmed their view that it would be appropriate to grant increases of Personal Pensionable Salary to the seven Heads of Departments and Chief Advisers who were eligible for such awards this year under the established arrangements. The Deputy Governor said that it would then follow that three Executive Directors would likewise qualify to receive similar awards: formal recommendations relating to these increases in remuneration would be submitted at a later stage.

Accordingly, the Committee agreed to recommend to the Court of Directors that, in connection with the Annual Review of the Staff, and with effect from the 1st March next, the following be granted Personal Pensionable Salary -

J.B.PAGE	)	
Chief Cashier	)	
	)	£750 (additional)
M.J.THORNTON, M.C.,	)	
Chief of the Economic	)	
Intelligence Department	)	
E.B.BENNETT, D.S.C.,		£750
Chief of Exchange Control		
P.A.S.TAYLOR,	)	
Chief of Administration	)	
	)	£750 (additional)
K.J.S.ANDREWS, M.B.E.,	)	
Chief of Establishments	)	

M.J.S.CUBBAGE, M.B.E., )  
General Manager, )  
Printing Works )  
) £750 (additional)  
J.A.KIRBYSHIRE, )  
Chief Adviser )  
(Overseas Department) )

CT 60.01  
With reference to a Minute of the previous week relating to the award of a Gratuity, recommended by the Governors, the Deputy Governor reported the result of further enquiries and it was agreed to recommend to the Court of Directors that the proposal should not be proceeded with at the present time.

A report of the Staff Committee on the implications of the Social Security Pensions Act was submitted and referred to the Court of Directors.

The following were also submitted -

1. A report from Lord Nelson and Sir Robert Clark on their visit to the Leeds Branch.
2. A statement of Accounts of the Bank Provident Society for the year ended the 30th November 1976.

The Deputy Governor acquainted the Committee of the following matters -

- CT 60.04
1. A marked improvement in the estimated outturn of the profit of the Banking Department for the year ending the 28th February 1977, due to the rise in the value of the portfolio of gilt-edged stocks over recent months.
  - CT 61.02.1  
2. New arrangements for Bank Note printing which would reduce pressure on the Printing Works brought about, in the main, by the demand for notes having been much higher than forecast and productivity gains from 2-shift working less than expected.
  - CT 61.05  
3. The recent strike by a group of staff at the Printing Works had collapsed, without any concession having been made on the part of management.
  - CT 61.07  
4. With reference to a Minute of the 10th February, the Treasury were issuing a press notice that day on the revised method of calculating sterling's effective exchange rate index.
  - CT 70.03  
5. The situation regarding the Direction.

*H. H. H.*  
*Secretary*

THURSDAY, THE 3RD MARCH 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens

The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors, pursuant to Clauses 11 and 12 of the Charter of the 1st March 1946 and with effect from the 1st March 1977 -

1. That the exclusive services of MR.C.W.McMAHON and MR.J.C.R.DOW be engaged during their respective terms of office as Directors and that they be entitled to the benefit, insofar as it applies to their respective cases, of the Scheme approved by the Court of the 31st October 1968, for the payment of pensions, etc., to those Members of the Court rendering exclusive service.
2. That the remuneration payable to the following Members of the Court in respect of their exclusive services be at the rates shown -

MR.J.S.FFORDE	£23,750 a year
MR.C.W.McMAHON	a year
MR.J.C.R.DOW	£23,000 a year

The following were submitted -

1. The Quarterly Report on Errors and Omissions.
2. A statement of Official Reserves at the end of February.

With reference to Minutes of the 3rd February and earlier, the Governor discussed with the Committee names for the Direction.

*[Handwritten signature]*  
Secretary

MEMBERS OF THE COMMITTEE OF TREASURY

1977/78

THE GOVERNOR

THE DEPUTY GOVERNOR

LORD NELSON

SIR MAURICE LAING

LORD ROBENS

MR.de ROTHSCHILD

MR.CADBURY



THURSDAY, THE 10TH MARCH 1977

Present

The Deputy Governor  
Lord Nelson  
Lord Robens  
Mr.de Rothschild

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The Draft Minutes of the last Meeting were read and agreed.

It was agreed to recommend to the Court of Directors -

A. That the following Committees be appointed for the year ensuing:-

STAFF COMMITTEE

MR.CLAY  
MR.LAING  
SIR ALASTAIR PILKINGTON  
MR.BLUNDEN (Deputy Chairman)  
SIR ROBERT CLARK

COMMITTEE TO CONSIDER THE SECURITIES OF CERTAIN FUNDS

MR.de ROTHSCILD  
MR.FFORDE  
SIR ALASTAIR PILKINGTON  
SIR ROBERT CLARK

DEBDEN COMMITTEE

MR.LAING  
MR.FFORDE  
LORD GREENE  
LORD WEIR  
MR.BLUNDEN

CHARITABLE APPEALS COMMITTEE

SIR MAURICE LAING  
MR.McMAHON  
MR.DOW

AUDIT COMMITTEE

LORD ROBENS  
MR.de ROTHSCILD  
LORD GREENE  
MR.DOW

COMMITTEE ON BANK PREMISES

LORD NELSON  
LORD WEIR  
MR.CLAY  
MR.BLUNDEN

COMMITTEE ON PERMANENT CONTROL OF EXPENDITURE

THE DEPUTY GOVERNOR  
LORD NELSON  
LORD ROBENS  
MR.CADBURY  
MR.BLUNDEN

B. That the following be appointed to visit the Branches and the Glasgow Office during the year ensuing:-

<u>Manchester</u>	Lord Nelson Mr.Dow
<u>Birmingham</u>	Mr.McMahon Sir Robert Clark
<u>Liverpool</u>	Sir Maurice Laing Mr.Laing
<u>Bristol</u>	Mr.de Rothschild
<u>Leeds</u>	Mr.Fforde Sir Alastair Pilkington
<u>Newcastle</u>	Lord Robens Lord Greene
<u>Southampton</u>	Mr.Clay
<u>Glasgow Office</u>	Mr.Cadbury Lord Weir

27-27  
Office File

The Deputy Governor referred to the recent earthquake in Rumania and recalled that it had been the Bank's practice to make an immediate response to disasters of that magnitude by donating up to £2,000 for the relief of suffering. He said that the Charitable Appeals Committee had been making a review of the Bank's charitable giving policy and their findings would be discussed by the Committee of Treasury shortly. In the course of their examination, the Charitable Appeals Committee had specifically questioned the justification for donating large amounts to certain appeals, including those for earthquake relief. It was noted that H.M.Government had already made an offer of assistance to the Rumanians, which had been accepted, and the Committee agreed to recommend to the Court of Directors that, in the circumstances, the Bank should not make a donation.

A Report of the Committee on Permanent Control of Expenditure was submitted and referred to the Court of Directors.

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The Committee had before them a Report of the Staff Committee on their examination of the Educational Loan Scheme in the light of recent developments: Mr.Blunden and Mr.Laing attended. In introducing the paper, Mr.de Rothschild said that a joint Bank/Staff Organisation working party had been established to review the Scheme and the problems facing members of the staff who were committed to particular courses

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of education. While the Staff Committee had considered that the working party's recommendations were too generous in the light of various factors, and notably the recent Select Committee's report, they had also been mindful of social considerations and felt much sympathy for those staff who had already committed their children to private education and who could not readily readjust their plans. In outline, the Staff Committee were now recommending that the borrowing limit for future staff and for staff not yet eligible to borrow should rest on a formula based on day, as opposed to boarding, school fees; that those borrowers whose children were already attending fee-paying institutions should, for a limited period of six months, be able to make a case to be allowed an extra increase in limits up to a further £1,500 per child; and that serious consideration should be given to applying the higher interest rates, proposed by the working party for loans to new staff, to increased borrowing by existing borrowers and to all new borrowers.

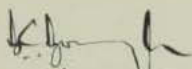
It was pointed out, in discussion, that while the Report, which reflected four conflicting strands, recommended that borrowing limits should be reviewed regularly, such an undertaking would be given without any commitment to action or any implication of indexation. The Committee expressed themselves as content with the Report and agreed that it would now be appropriate to open negotiations with the Staff Organisation from the most conservative position recommended in the paper.

The terms of a Resolution to be submitted to the Court authorising the setting up of two new wholly-owned subsidiary companies were laid before the Committee. The Deputy Governor explained that Bank of England Nominees Limited would fulfil the need for a nominee company for shareholdings exempted from disclosure under the terms of Section 27(9) of the Companies Act 1976. The purpose of the other company, B.E.Services Limited, was to provide the Bank's catering services in the City. In the latter case, it was proposed to delegate to the Board of the Company responsibility for staffing levels, remuneration, terms and conditions of service, etc. The aim would be to contain the overall annual cost of the new catering services within the present budget

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figure. As an interim measure, an Executive Committee would be established and this would eventually become the Board of the Company. It was agreed that, in drafting the Articles of the Company, care should be taken to ensure that its objectives were not limited to catering.

  
Secretary.



THURSDAY, THE 17TH MARCH 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Mr.de Rothschild  
Mr.Cadbury

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The Governor referred to the recent discussions with Directors about Court proceedings and welcomed the constructive suggestions that had been made. He suggested that it would be helpful to the effective conduct of Court business to give clearer definition to the central roles of the Bank in present circumstances and the contributions that non-Executive Directors could make thereto. A paper which could form the basis for a discussion on these matters had been commissioned.

The Governor said that one important function of non-Executive Directors was to be available to the Governors for consultation. It was his intention to draw more on their help in this way; equally, advice proffered by them would always be welcome. He hoped too from time to time to give advance notice of occasions at Court when non-Executive Directors would be asked to furnish their views on specific topics of concern to the Bank.

As regards Court proceedings, he said he accepted that they should consist more of substantive discussion and less of detailed reporting. However, as market conditions were so central to the development and application of policy, this was an area which must not be given scanty treatment.

The reduction in routine reporting should leave more time for discussion of substantive papers, such as the monthly Economic Report. This kind of approach would therefore be further developed.

Directors had suggested that the work of some Standing Committees was too little seen by the Court. Opportunities would accordingly be sought for Chairmen of some Committees to report more frequently in future.

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It had been noted that the provision of more background to public pronouncements by the Bank, and Governors' speeches, would be welcomed. It would also be the intention to provide Directors with comments on substantial public criticism of the Bank.

CT 4701  
The Court's approval for the opening of accounts for overseas central banks would no longer be sought; lists of forthcoming Governors' engagements and luncheon guests would be included in folders; and the Minutes of previous Courts would likewise be placed in folders, approval being sought in future without having them read in Court.

CT 90  
Office files  
The Governor added that he proposed to ask each non-Executive Director in future to undertake two office visits a year. Note had been taken of a request for periodic "teach-in" sessions at which Executive Directors and Heads of Departments would explain in depth some aspect of the Bank's work. Finally the Governor said that he intended to arrange, at least once a year, a dinner of the type held for Directors last December.

In conformity with the new arrangements, the Minutes of the last Meeting of the Committee, copies of which had been placed in folders, were approved.

CT 99  
CT 94.07  
The Governor noted that, as a result of the outcome of last week's Treasury Bill tender, the formula for determining Minimum Lending Rate had become operative once again. He said that it had, however, been decided, with the approval of the Chancellor of the Exchequer, to modify the arrangements in one respect. For the future, in cases where the normal operation of the formula would bring about a reduction in Minimum Lending Rate, the Bank reserved the right, exceptionally, either not to change the Rate or to change the Rate by less than would result from the operation of the formula.

CT 57  
Office files  
With reference to a Minute of the previous week, the Committee discussed the Bank's charitable giving policy. It was mentioned that firm guidelines had never been established in this field. In the course of a recent review of their activities, the Charitable Appeals Committee had expressed concern about possible criticism at a time when the Bank was under ever-increasing scrutiny. While it had been felt that a



strong case could be made for continuing to give to City appeals and to causes seeking directly to alleviate suffering, the justification for donating large amounts to "prestige" appeals, including those for earthquake relief and the upkeep of cathedrals and universities, must be questioned.

CT 57  
Office file

The Deputy Governor pointed out that, although nationalised industries' giving was generally on a very limited scale, the Bank, although nationalised, was above all a bank and might reasonably follow the practice of banks rather than that of nationalised industries. But the Bank had to be particularly careful to ensure that its giving was defensible, both in direction and in total. He believed that proper objectives would be City appeals: national monuments, more narrowly defined than hitherto: and certain philanthropic causes. Categories that might disappear, or be given less emphasis in future, would include natural disasters overseas, provincial cathedrals and universities. On the question of amount, he considered that the Bank had been over-ambitious. To match the donations of the clearing banks was unrealistic and as their profits were now some 10 times greater, this pointed to giving at a level of one-tenth of their donations. While it would be wrong to make an over-abrupt adjustment to this sort of scale, it seemed clear that the Bank should aim to taper its giving wherever possible.

The Committee concluded that the points made in the course of discussion should be taken into consideration by the Charitable Appeals Committee, which should be asked to formulate, and submit, guidelines for the Bank's charitable giving.

Office file

The Governor said that it was proposed that the Bank, as one of the bodies which enjoyed the privilege of presenting Loyal Addresses to the reigning Monarch, should submit an Address on the occasion of the Queen's Silver Jubilee. A draft Loyal Address, which had been prepared along traditional lines, together with an alternative final paragraph, was laid before the Committee and it was decided to recommend to the Court of Directors that the original version should be adopted.

The Deputy Governor spoke to the Committee about the personal loans schemes available to members of the full-time

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staff who maintained current accounts with the Bank, and said that there was no provision for such facilities for Executive Directors. In consequence, an Executive Director who wished to borrow for purposes such as those covered by the staff schemes, would have to approach another bank. He therefore proposed that the Chief Cashier should be authorised, in the course of normal banking business, to extend personal loans to Executive Directors, for purposes and on conditions analogous to those of the staff personal loans schemes, except that the rate of interest to be charged would be Base Rate + 1%, fixed at the time any loan was approved. The Committee expressed themselves as generally content with this proposal but it was decided to defer formal approval to allow further consideration to be given to one aspect of the suggested facility.

*W. H. G. H.*  
Secretary.



THURSDAY, THE 24TH MARCH 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Mr. de Rothschild  
Mr. Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the previous week concerning the modification of the arrangements governing Minimum Lending Rate, the Governor reported that, following the outcome of the previous week's Treasury Bill tender, it had been decided, with the approval of the Chancellor of the Exchequer, to reduce the Rate to 10½%, rather than to allow the operation of the formula to reduce it to 10%.

The Governor spoke about the recently announced issue of 12½% Exchequer Stock 1992, payment for which was, exceptionally, to be made in instalments, rather than in full on application. This innovation reflected the combination of a desire to have more control over the development of longer-term rates and the absence of any immediate need, in the management of the money stock, for substantial net receipts from the sale of gilt-edged securities. The over-subscription of the issue promised the receipt of sizeable amounts spread over the first three banking months of the new financial year.

It was agreed to recommend to the Court of Directors that -

1. DAVID ALAN WALKER, aged 37, be appointed a Chief Adviser in the Economic Intelligence Department at a salary of [REDACTED]; the appointment to take effect from a date to be determined by the Governors. It is the intention that he should succeed M.J. Thornton as Chief of the Economic Intelligence Department next year.

2. The following further appointments be made -

In the Cashier's Department

E.A.J.GEORGE (38), to be a Deputy Chief Cashier  
an Adviser (Grade I),  
Overseas Department.

In the Economic Intelligence Department

L.A.DICKS-MIREAUX (52), to be 1st Deputy Chief of  
a Deputy Chief of the the Economic Intelligence  
Economic Intelligence Department and Head of  
Department and Head of the Economics Division,  
the Economics Division with effect from the  
30th October 1977 \*

C.A.E.GOODHART, to be a Chief Adviser \*  
an Adviser (Grade I)

In the Overseas Department

G.J.MACGILLIVRAY (55), to be 1st Deputy Chief of  
an Adviser (Grade I) the Overseas Department \*

D.G.HOLLAND, C.M.G. (51), to be a Deputy Chief of  
a Deputy Chief of the the Overseas Department  
Economic Intelligence  
Department

RICHARD ENBANK (53), to be an Adviser (Grade I),  
1st Deputy Chief of the on his present salary scale  
Overseas Department

In the Establishment Department

R.D.GALPIN (45), to be Chief of Establishments,  
a Deputy Chief Cashier with effect from a date early  
in 1978 to be determined by  
the Governors.

\* At a basic salary to be determined by the Governors.

3. A.D.LOEHNIS, a Director of J.Henry Schroder Wagg and Co.Limited, be seconded to the Bank in the rank of Adviser and be attached to the Administration Department: the secondment to be effective from the 20th April 1977 and to be for a period of about two years.

In conjunction with the above-mentioned recommendations, the Governor acquainted the Committee of certain proposed changes in responsibilities and movements of senior staff.

*Secretary*



THURSDAY, THE 31ST MARCH 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the 24th February, the Deputy Governor informed the Committee that the operating profit of the Banking Department for the year ended the 28th February 1977, after provisions for losses, but before taxation or any payment to the Treasury, was likely to be slightly below last year's published figure of £15.9 million, out of which a total dividend of £6 million had been paid. This profit estimate still had to be regarded with reserve as some problem cases of support stood at a critical point; and provisions might need to be increased. In initial discussions with the Treasury about an interim payment, normally due on the 5th April, emphasis had been placed on the section of the Report of the Select Committee which had supported the Bank's arguments for reinforcing their reserves. This had led the Treasury to propose that, because the Bank's figures were still imprecise and particularly because the formal response to the Select Committee's recommendation had not yet been agreed, there should be no interim payment this year. In such an event, discussions with the Treasury about the Bank's dividend would effectively be postponed for about two months. The Deputy Governor observed that the amount of the April payment was not publicly revealed until publication of the Bank's annual report and accounts in July; and it therefore seemed sensible to accede to the Treasury's suggestion, which had since been endorsed by Ministers. The Committee concurred and agreed to recommend to the Court of Directors that the proposed course of action be followed.

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The Accounts of the Samaritan Fund for the year ended the 28th February 1977 were laid before the Committee and it was agreed to recommend to the Court of Directors that a grant of £2,077.47 be made to the Samaritan Fund.

The following were submitted and referred to the Court of Directors -

1. A Minute on the renaming of the Glasgow Office and an Appointment recommended by the Governors.
2. With reference to a Minute of the 13th January, a Minute of the Charitable Appeals Committee on the making of a donation.
3. From the Audit Committee -

The Quarterly Report and Annual Review of the Audit Division programme.

The Annual Review of the work of the Committee.

With reference to a Minute of the 17th March, the Deputy Governor recalled that the Committee had been generally content with a proposal to extend personal loans to Executive Directors; but that it had been decided to defer formal approval to allow further consideration to be given to one aspect of the suggested facility. He reported that the Governor had subsequently consulted Sir Henry Benson, who had expressed himself as satisfied with the proposal. The Committee concluded that the terms and conditions of the proposed arrangement, which would have the advantage of keeping this type of lending within the Bank, were reasonable, as well as defensible; and it was accordingly agreed that it would be appropriate to make such a facility available to Executive Directors.

The Deputy Governor acquainted the Committee of a proposal regarding short-term interest rates which had been agreed that morning with the Chancellor of the Exchequer.

*B. G. J.*  
*Secretary.*

THURSDAY, THE 7TH APRIL 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Mr. de Rothschild  
Mr. Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

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The Deputy Governor informed the Committee that it had been decided to try to build up, in a modest way, the banking business undertaken at the Branches. He explained that in recent years a number of accounts had been lost, often through amalgamations, reorganisations and the like, and that little new business had been gained. The present move would have the aims of providing as large a contribution as possible towards overhead costs and of enabling the Branches to maintain some practical experience of commercial banking. However, whether any appreciable increase in earnings could be secured was doubtful. The range of business sought would include personal accounts, where lending, unless fully secured, would be kept within strict limits; and also certain categories of corporate customers. It was recognised, however, that the Agents were not equipped to undertake a full range of industrial banking business; and there was no intention of seeking to compete strongly with the clearing banks, who had been made aware of the Bank's plans.

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The Deputy Governor drew attention to two instances of unwarranted criticism of the Bank which had recently appeared in the national press. In the first case, an article in The Times had stated that, on the rare occasions of a speech by the Governor, there had been a marked public reticence on monetary policy. This observation was in complete contradiction to the facts, as

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only nine weeks previously the Governor had devoted a whole speech to monetary policy, and he had also included the subject in four other major speeches made in the course of the last year. It was proposed to point out to the writer his gross inaccuracy on this point. The other instance concerned the senior appointments announced two weeks ago: in commenting on them, an article in the Sunday Telegraph had carried the heading "Bank Beats Pay Policy". There was nothing to support that statement; and indeed a number of the appointments were dependent upon retirements in months ahead and were thus evidently beyond the scope of the current incomes policy. The Deputy Governor had arranged to see the editor of the paper and hoped to secure an assurance of a retraction of the article.

The Deputy Governor also mentioned briefly -

1. The despatch of detailed terms of the offer of foreign currency bonds to the overseas official holders of sterling. The date for subscription to the bonds was the 14th April.

2. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*W. G. L.*  
*Secretary.*



THURSDAY, THE 21ST APRIL 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Mr.de Rothschild  
Mr.Cadbury

The Minutes of the last Meeting, having been circulated, were approved.

A Report of the Staff Committee on the General Manager's annual review of the operation of the Printing Works was submitted and referred to the Court of Directors.

CT 81.  
With reference to a Minute of the 7th April, the Governor spoke about the allotment of foreign currency bonds to the overseas official holders of sterling and commented that the response to the offer had been very satisfactory.

The Governor also mentioned briefly -

1. [REDACTED]
- CT 76.01  
[REDACTED]
- CT 81.  
2. International financial prospects and the present imbalances in the pattern of external payments.
- CT 60.02  
3. With reference to a Minute of the 17th March regarding Court proceedings and, in particular, to the proposal that non-Executive Directors should on occasions be asked to furnish considered views on specific topics of concern to the Bank, that he wished to give notice of the intention to have a full discussion on Stage Three of incomes policy at Court on the 5th May.

*bc for the*  
*Secretary.*

## Present

## A Full Committee

With reference to a Minute of the 24th March, the Governor reported that, following the outcome of the previous week's Treasury Bill tender, it had been decided, with the approval of the Chancellor of the Exchequer, to reduce Minimum Lending Rate to 8½%, rather than to allow the operation of the formula to reduce it to 8%. The Committee then discussed in general terms the question of the level of interest rates and also exchange rate policy.

The Governor acquainted the Committee of the following matters -

1. His meeting the previous day with the Chairmen of the London Clearing Banks.
2. His recent meeting with senior representatives of the accountancy profession. The Governor said that, among the matters discussed at the meeting, had been the introduction and rôle of Audit Committees. He felt that it would be useful to seek the views of the Court on this subject.

Secretary.

THURSDAY, THE 12TH MAY 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the 18th November 1976, the Deputy Governor informed the Committee that, with the approval of the Chancellor of the Exchequer, it had been decided to continue the operation of the Supplementary Special Deposits scheme for a further six-month period on an unchanged basis.

The Deputy Governor referred to the Wilson Committee of inquiry into the operation of the country's financial institutions and to the submission of the Bank's first paper on the subject of savings and investment. In the course of a brief discussion of the ground covered by the paper, it was pointed out that no mention had been made of the significant disincentive effect on investment of the tax surcharge on unearned income.

The Annual Report of the Charitable Appeals Committee on Donations was submitted and referred to the Court of Directors.

With reference to Minutes of the 21st April and earlier concerning the issue of bonds to the official holders of sterling, and to a point raised by Lord Robens about the foreign currency debt due to be repaid on the maturity of the bonds, the Committee discussed in general terms the question of international indebtedness.

With reference to Minutes of the 3rd March and earlier, the Deputy Governor discussed with the Committee names for the Direction.

*W. G. G. G.*  
Secretary.

THURSDAY, THE 19TH MAY 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Mr. de Rothschild

The Minutes of the last Meeting, having been circulated, were approved.

LT 59  
CT 99.01  
With reference to a Minute of the 5th May, the Deputy Governor reported that, following the outcome of the previous week's Treasury Bill tender, it had been decided, with the approval of the Chancellor of the Exchequer, to allow the normal operation of the formula to reduce Minimum Lending Rate to 8%.

CT 85  
Following an announcement made by the Treasury earlier in the week, the Deputy Governor spoke about the intention to issue a new Treasury Stock bearing a variable rate of interest.

A Minute on Appointments recommended by the Governors was submitted and referred to the Court of Directors.

CT 70.02  
With reference to Minutes of the previous week and earlier, the Deputy Governor mentioned to the Committee the situation regarding the Direction.

CT 60.07  
CT 60.01  
The Deputy Governor spoke to the Committee about the position of the retiring Bank of England [redacted] who felt aggrieved at the financial outcome of the changes of houses resulting from his initial move from [redacted] and the recent sale of his property in [redacted]. The Deputy Governor gave the Committee the relevant figures and pointed to the variety of favourable provisions made for Agents and Representatives, the





benefits of which [redacted] had enjoyed during his period of service there. Against that background, it seemed to him untenable to suggest that the Bank had acted ungenerously towards [redacted] or that he had reasonable grounds for any sense of grievance. The Deputy Governor also pointed to the difficulties involved in attempting to provide an offset to a loss which was no more than notional. The Committee agreed that no special treatment was justified.

CT 60 07  
CT 60 01  
The Deputy Governor also mentioned that [redacted]

[redacted] had wished to borrow a further sum of £12,000, under the provisions of the Housing Loan Scheme, towards the purchase of a new house (though the transaction had subsequently come to naught). In this context the Representative had sought a dispensation from the normal rules, which required the bulk of the funds to be taken on a capital repayment basis. It was pointed out that he was not without an alternative source of funds, since he could commute part of his pension for this purpose. In the circumstances, there seemed to be no reason to permit a departure from the rules of the Housing Loan Scheme. The Committee concurred.

*[Handwritten signature]*  
*Secretary.*

THURSDAY, THE 2ND JUNE 1977

Present

A Full Committee

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The Minutes of the last Meeting, having been circulated, were approved.

ST 60.07  
ST 60.01

With reference to a Minute of the previous Meeting, the Governor advised the Committee that he had received a letter from the recently retired Bank of England [redacted] who had expressed dissatisfaction at the decision that he was not to be accorded any special treatment with regard to his housing affairs. The Governor said that he would revert to the matter at a later date.

The Quarterly Report on Errors and Omissions was submitted.

ST 60.06

The Committee had before them a Report of the Staff Committee on the subject of an increase in pensions and allowances. Mr. Clay and Mr. Blunden attended. At the outset of a discussion of the issues involved, the Deputy Governor declared the interests of Mr. Fforde, Mr. Blunden and himself. Reference was then made to suggestions in the Press that the Government might decide to abandon the principle of index-linking for public service pensions: and it was recognised that such a change would inevitably raise problems for other pension schemes, such as the Bank's. In relation to the question of an increase in pensions and allowances from the 1st July 1977, the Staff Committee paper had drawn attention to the Rule that these would normally be increased in proportion to a rise in the Retail Price Index and that only in extraordinary circumstances would a lesser increase be paid. The Committee considered that the three factors which had weighed heavily last

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year were still present and they concluded that extraordinary circumstances again existed. In this connection, the Committee noted that the Staff Organisation might seek arbitration on such a ruling.

With regard to the extent of an increase in pensions and allowances, a view was expressed that it would be difficult to arrive at a decision before it was known whether there would be a Stage III of pay policy and, if so, the nature of its terms. The Committee, therefore, while accepting that an increase should be based on events of the past year, including the percentage rise in the cost of living for the year up to the end of May 1977, when Stage II of incomes policy was still operative, concluded that any decision on the scale of the increase should be deferred for the time being.

Finally, the Committee considered the question of tapering of pension increases and noted that the Staff Committee had proposed that a full cost-of-living increase should be applied to smaller pensions and that gross pensions and allowances of over £6,000 should benefit from reduced percentage rises. In this context, it was mentioned that it was not the practice of the Bank's analogues, the Civil Service and the Clearing Banks, to apply tapering and that the public sector's latest, and untapered, award had recently been made on the basis of the 12-month period ended December 1976.

Consideration of the subject was then adjourned. It was agreed to revert to the discussion at a later date, perhaps at a specially convened Meeting of the Committee, by which time there might be a clearer indication of the Government's intentions.

The Deputy Governor spoke briefly about the draft Accounts of the Bank for the year ended the 28th February 1977 and, in particular, about the Auditors' reactions to the proposed provision for losses.

The Governor mentioned a dinner for representatives of the Press held the previous evening.

*B. C. Young*  
Secretary.

THURSDAY, THE 9TH JUNE 1977

Present

A Full Committee

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the previous Meeting, the Deputy Governor again spoke about the draft Accounts of the Bank for the year ended the 28th February 1977 and advised the Committee that the Auditors were now prepared to approve the accounts of the Banking Department without qualification, provided that their report stated that they should be read in conjunction with the notes thereon and, in particular, an expanded note 3 relating to provision for losses. It was agreed that this represented a very satisfactory solution to a difficult situation.

With reference to Minutes of the 16th September 1976 and earlier concerning the support moves made by the Bank for the Slater, Walker group, the Deputy Governor outlined the background to the complex situation and explained that, while the group was not technically insolvent, it was rapidly approaching an insolvent position. In order to avoid a liquidation, which would have unsettling and damaging effects, and also attract unwelcome publicity, and to enable the company to put forward realistic reconstruction proposals, the Bank had reached an agreement with Slater, Walker Securities Limited. The essential features of the proposed arrangements were the purchase by the Bank of the share capital of Slater, Walker Limited; the purchase by Slater, Walker Limited at an over-valuation of certain properties from companies within the group using funds derived from calling on the Bank's guarantee; and the granting to the Bank of an option to resell the properties to Slater, Walker Securities Limited and an



option to acquire for a nominal sum approximately 20 per cent. of the equity capital of Slater, Walker Securities Limited. A brief discussion of some aspects of the proposals then followed, at the close of which the Governor offered to amplify any points at a subsequent Meeting of the Committee.

*W. H. G.*  
*Secretary.*

THURSDAY, THE 16TH JUNE 1977

Present

The Governor  
Sir Adrian Cadbury  
Lord Weir (as Alternate)

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the 2nd June, the Committee again considered the Staff Committee's proposals for an increase in pensions and allowances. Mr. Clay, Mr. Blunden and the Chief of Establishments attended. Mr. Blunden recalled the accepted arrangements underlying the annual reviews of the levels of pensions and spoke of the recommendations recently submitted by the Staff Committee regarding a rate of increase and also the tapering of proposed increases where pensions exceeded £6,000. He emphasised that the increase now under consideration, which should be based on events of the past year, including the percentage rise in the Retail Price Index for the 12-month period ended May 1977, fell in the period of Stage II of incomes policy. One of the Bank's two analogues, the public sector, had already awarded an increase under Stage II equivalent to the full rise in the cost of living. That increase was the second to be granted by the public sector since the introduction of pay policy; in the same period, Bank pensioners had until now received only one award.

The Committee then discussed the practice of the Bank's other analogue, the clearing banks, and it was noted that while they had not committed themselves to increases equal to a rise in the cost of living, as yet they had not employed tapering. With regard to the question of tapering, the point was made that, on the

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introduction of the Bank's new pension scheme in 1974, pensioners were given a once-and-for-all opportunity to decommute any part of their pensions which had already been commuted for cash, in order that they could stand to benefit from pension increases normally based on a full cost of living rise. The introduction of tapering arrangements for pensioners last year therefore meant that the expectations of some of those with larger pensions were being frustrated to a further degree.

After discussion, the Committee concluded that, in the circumstances, the proposals submitted by the Staff Committee represented a practical and reasonable solution to the issues at stake and they expressed themselves as content with them. It was mentioned that before the recommendations could be put forward to the Court, there was an obligation to consult with the Staff Organisation on them.

*B. Gough*  
*Secretary.*

THURSDAY, THE 30TH JUNE 1977

Present

The Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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376.05 The Minutes of the last Meeting, having been circulated, were approved. The Governor recalled that these related to further consideration of the Staff Committee's proposals for an increase in pensions and allowances. The recommendations had been examined in greater detail and the Committee had reached the conclusion that they represented a practical and reasonable solution to the issues at stake. The Staff Committee's Report had been submitted to the last Court and approved, subject to some variations regarding the tapering arrangements.

87.331 With reference to a Minute of the 9th June, the Governor outlined developments regarding the Slater, Walker situation for the benefit of the Members who had not been present at recent Meetings of the Court. Following the earlier decision to adopt proposals for a reconstruction of Slater, Walker Securities Limited, he spoke of the subsequent examination of the issues involved, including the difficulty of justifying the purchase of properties at prices substantially above their market values, which had led to the conclusion that it would be preferable to accept a liquidation. The directors of the company had then expressed some concern at the prospect of liquidation and had submitted modified reconstruction proposals for discussion with the Bank. In revised form these proposals, which were designed to meet some of the principal objections that Members had seen in the arrangements proposed earlier, had been considered at a

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specially convened Court who had concluded that, while either course was unattractive, it would be in the best interests of the Bank, and in the wider public interest, to adopt the revised reconstruction proposals.

In the course of a discussion of certain aspects of the situation, the point was made that the Bank's support operation for Slater, Walker had been mounted for the best of reasons and that the consequences of that action had to be accepted. If the liquidation route were followed, the impression could be given that the Bank had failed to achieve what it had set out to do.

The Governor then mentioned the procedures for putting into effect the revised reconstruction proposals and said that an announcement on the subject was likely to be made on the following Tuesday. It was expected that the Bank would issue a press release at the same time: and the Committee considered the form that such a statement should take.

2790. Finally, the Governor referred briefly to the case of Edward Bates & Sons Limited.

*H. G. G. G.*  
*Secretary.*

THURSDAY, THE 7TH JULY 1977

Present

The Governor  
Lord Nelson  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to Minutes of the previous week and earlier regarding Slater, Walker Securities Limited, the Governor reported that the sub-committee of the Court, having examined the draft documents, had resolved that the conditional purchase of Slater, Walker Limited and the related proposals be approved. It was now expected that Slater, Walker would suspend their share and loan stock quotations at the close of business on the Stock Exchange that day and that they would issue a short press release which would make no reference to the Bank's role. While there would probably be conjecture as to the precise nature of Slater, Walker's proposals, it was not intended that either they or the Bank should respond to press enquiries until the company's circulars had been sent out to share and loan stock holders. The Bank, for their part, did not intend to make a press release until the circulars had been despatched. The possibility of a leak of information before then could not be dismissed; and if one proved serious enough, the Bank might feel compelled to make an earlier announcement about their role in the proposals.

It was agreed to recommend to the Court of Directors -

- I. That the Annual Report and Accounts of the Bank for the year ended the 28th February 1977 be printed and issued.

CT 52...  
In this connection, the Governor mentioned the aim of giving an account of the Bank's stewardship which would entail a gradual change in the shape of the Report.

II. That, consequent upon the forthcoming retirement of A.F.A. Carlisle, 1st Deputy Chief of the Economic Intelligence Department, the following appointments be made with effect from the 30th October 1977:-

A. In the Economic Intelligence Department -

CT 60.01  
[redacted] to be a Deputy Chief and  
Management Development Departmental Establishment  
Manager Officer of the Economic  
Intelligence Department, on  
his present salary scale.

B. In the Establishment Department -

[redacted] to be Management Development  
an Assistant Chief of Manager.  
Establishments, Scale I

A Report of the Staff Committee on arrangements for supporting part-time study was submitted and referred to the Court of Directors.

MC 22  
With reference to Minutes of the 9th December 1976 and earlier concerning the Report on the Bank of England from the Select Committee on Nationalised Industries, the final draft of the Government's reply, which was still subject to the Chancellor's approval, was submitted to the Committee. The form of the response was considered to be satisfactory.

CT 85  
With regard to the recent sale of ordinary stock units of the British Petroleum Company Limited, the Governor acquainted the Committee of a letter of appreciation from the Chancellor of the Exchequer in which he had paid tribute to all those whose skills and efforts had contributed to making a considerable success of so complex an operation. The Governor also spoke about the fixing of the price for the offer and the allocation of ordinary stock units for sale in the United States and Canada.

CT 60.02  
The Committee then discussed pay policy in general terms.

*[Signature]*  
Secretary

THURSDAY, THE 14TH JULY 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to Minutes of the previous week and earlier regarding Slater, Walker Securities Limited, the Governor reported that, from the Bank's point of view, press comment on the company's recent statement had been satisfactory. Slater, Walker Securities Limited intended to despatch circulars to share and loan stock holders in the following week and the Bank proposed to issue their press announcement at the same time. As the possibility of a leak of information before then could still not be ruled out, the Bank might feel compelled to make an earlier statement about their role in the proposals.

The Quarterly Report and Annual Report of the Committee to consider the Securities of Certain Funds were submitted and referred to the Court of Directors.

The Governor advised the Committee that it was proposed to issue a new (Series "D") £1 note early next year. He described its features and specimens were laid before the Committee. It had been agreed that supplies of the new note, which was smaller in size than the note it would replace, should shortly be made available for the testing and modification of note handling machinery, by both the manufacturers and the clearing banks. While no publicity would be given to this exercise, a press release, giving some general information about the new note, would

6



be issued in the near future. It was suggested that it would be a happy gesture if the Court saw fit to express their appreciation to H.N.Eccleston, the Artist Designer at the Printing Works, who had been responsible for all the designs in the new Series of notes.

5.100  
5.111.  
The Governor spoke briefly about the recent monthly meetings at the Bank for International Settlements, at which the present weakness of the U.S. dollar had been a major topic of discussion.

5.101  
5.100.02  
The Governor spoke to the Committee about a resolution passed by the Administrative Staff Committee and a request that he should have a meeting with the Administrative Staff during working hours. Mr.Blunden was present for this item. The Governor said that, while he would not go to a mass meeting, he was prepared to see the representatives of the Administrative Staff in order to hear their views, though not to negotiate with them. The Committee agreed that the course of action proposed by the Governor was entirely reasonable. In a discussion of the factors underlying the approach made by the Administrative Staff, it was emphasised that, as the subject was bound to arise at any meeting with them, the Bank were not committed to follow any particular analogues for pay and pension purposes, but exercised their own judgement as to the most appropriate course to take.

*H. H. H.*  
*Secretary.*

THURSDAY, THE 21ST JULY 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

CT 221  
With reference to Minutes of the previous week and earlier regarding Slater, Walker Securities Limited, the Governor reported that, as there had been a further delay in the arrangements, it was now expected that the company would despatch circulars to share and loan stock holders in the following week. Unless a serious leak of information occurred in the meanwhile, the Bank proposed to issue their press announcement at the same time.

CT 90  
With reference to Minutes of the 30th June and earlier, the Deputy Governor spoke about the situation regarding Edward Bates & Sons Limited. An explanatory paper, which was circulated to the Committee, outlined the background and traced developments which had led, after prolonged negotiation, to the emergence of a reconstruction scheme. Two of the principal features of the scheme were participation by certain Arab interests and a clearing bank which would have a dominating position in the management of the new bank, at least in its formative years. It was pointed out that, if successfully implemented, the reconstruction proposal would complete the rescue of Edward Bates & Sons Limited without the need for the formal liquidation of an authorised bank. The paper also included an estimate of the loss which would be incurred by the Bank as a consequence of this support operation; and the Committee noted that a provision on that scale had already been made in the Bank's recently published accounts.

R.I.

60.0/  
50.  
It was reported that the Governors had appointed an Adviser (Printing Technology) Grade II at the Printing Works.

The Quarterly Report of the Charitable Appeals Committee was submitted and referred to the Court of Directors.

57.  
44.  
The Governor spoke about a recent appeal for funds by the Institute for Fiscal Studies, which saw a need to operate on a substantially more ambitious scale than hitherto, and said that it had been decided that the Bank should increase their contribution to the Institute from the previous level of £500 a year to £1,000 a year for five years.

F. + Onock  
1st Secretary  
28.7.77

THURSDAY, THE 28TH JULY 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

The Minutes of the last Meeting, having been circulated, were approved.

The following were submitted and referred to the Court of Directors -

1. A Report of the Staff Committee covering the Chief of Establishments' report on Manpower Review and Planning.
2. The Quarterly Report of the Audit Committee.

ST. 94.02

The Governor referred to recent reports in the press regarding the issue of defective Bank notes, which had also given rise to questions in the House by two Members of Parliament as to how many defective notes had been issued, whether they remained legal tender and what steps were being taken to prevent a similar occurrence. He said that, whilst a number of misprinted notes had unfortunately got out into circulation, despite the normally effective measures employed to prevent such an occurrence, a preliminary investigation had not revealed any evidence to support the allegations of a "flood of thousands" of such notes. He much regretted the error but considered that the reaction to it had been greatly exaggerated. The Committee entirely agreed with the Governor's conclusion and expressed their confidence in and satisfaction with the remarkably high standards of printing and accuracy maintained by the Printing Works.

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CT.221  
With reference to the Minutes of the previous week and earlier regarding Slater, Walker Securities Limited, the Governor reported that there had been yet a further delay in the arrangements and that the circulars to share and loan stock holders would not now be circulated by the company until the following week. Unless a serious leak of information occurred meanwhile, the Bank proposed to issue their press announcement at the same time.

CT.90  
With reference to Minutes of the previous week and earlier regarding Edward Bates & Sons Limited, the Governor reported that negotiations on the reconstruction scheme had been proceeding satisfactorily and that the Heads of Agreement had been initialled by the interested parties. The Bank proposed to issue their press announcement early next week.

A statement of the Unemployment Figures for July was submitted.

CT.99  
CT.60/82  
The Governor mentioned that the Chancellor would shortly be addressing a letter on the need for pay restraint to the Heads of all nationalised industries, and to the Governor himself, and that he would be urging the Governor to use his influence to the utmost to persuade financial institutions to adhere to the Pay Policy. The Governor said he had already spoken very forthrightly to the representatives of the financial institutions on the City Liaison Committee and to the Clearing Banks, stressing the need for adherence to the guidelines and particularly to Stage II. In the general discussion which ensued, it was agreed that it would be most unfortunate if the financial institutions could be accused of being in the lead in departing from the Policy.

100  
The Governor informed the Committee that he had for some time been considering the idea of instituting a Panel of Academic Consultants, the general objective of which would be to keep the Bank in touch with academic thinking on questions relating to economic policy in general and in particular on questions relating to domestic

101

and external monetary policy; and to put the Bank in a better position to take account of such views in formulating policy proposals. Arrangements for this were now well advanced and a first meeting was planned for the autumn.

65.81 The Governor reported that earlier in the week he had attended a seminar called by the Prime Minister, at which the management of the exchanges had been discussed. In the outcome it had been agreed that in view of the sharp depreciation in the U.S. dollar since the end of June, it - taken alone - was no longer the best reference point against which to seek to manage sterling and that, for the future, attention should equally be paid to the Effective Rate Index which reflected sterling's worth in relation to the currencies of the U.K.'s major trading partners. In consequence of that conclusion, the intervention level against the dollar had been progressively raised the previous day, so allowing sterling to appreciate. Enormous demand for pounds had ensued; and despite vigorous official intervention sterling had risen by nearly 2 cents and the Effective Rate Index had improved from 60.6 to 61.3.

K. J. P. J.  
Secretary.

THURSDAY, THE 11TH AUGUST 1977

Present

The Deputy Governor  
Lord Nelson  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to Minutes of the 12th May and earlier, the Deputy Governor acquainted the Committee of the intention to recommend to the Court that day the suspension for the time being of the operation of the Supplementary Special Deposits scheme. He recalled the circumstances at the time of the reintroduction of the scheme in November 1976 and said that it would probably have been suspended after six months if there had not been some concern about the possible collapse of the Government's pay policy, and the risk of a consequential setback to confidence. In the event, sterling had strengthened. Moreover, recent indications were that domestic credit expansion was well within the path set by the limit for the current financial year and the growth of sterling M3 was within its target range. Recent large sales of gilt-edged securities, including the oversubscription that morning of the new long-dated tap stock, had contributed substantially to these developments. In addition, demand for bank credit remained modest and the interest-bearing eligible liabilities of the banking system were  $6\frac{1}{2}\%$  below the limit set.

The scheme was therefore serving no immediate purpose and it seemed desirable to suspend its operation for the time being. If it subsequently became necessary to reactivate the scheme, it would then be more effective as it would be related to a more recent base period than if it had been allowed to run on unchanged. The

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Deputy Governor added that the Press guidance would stress that proposed suspension of the operation of the arrangements should not be regarded as a relaxation of monetary policy and did not signify any change in the determination to meet monetary targets.

A Report of the Committee on Bank Premises concerning the proposed extension to the Southampton Branch was submitted and referred to the Court of Directors.

CT 221  
CT 225

The Deputy Governor referred to the recent support operations in connection with Edward Bates & Sons Limited and Slater, Walker Limited and said that, as a consequence, the Bank would take on two new subsidiary companies. In the first case, there would be a realisation company, known as E.B.S. Investments Limited, which would deal with certain loans and other assets of Edward Bates & Sons Limited; and, in the other, the Bank would acquire an authorised bank. In the two instances, there were differing considerations and it was necessary to determine how the boards of the two companies should be constituted.

PT 225

With regard to E.B.S. Investments Limited, the Deputy Governor said that, in practice, the company would be largely managed by Price Waterhouse & Co. He felt that the Bank should provide the chairman and one director; in addition, there would probably be a partner from Price Waterhouse and a merchant banker with a knowledge of shipping on the board. As it would be desirable for the Bank to maintain a low profile for this company, it would seem preferable not to appoint a Member of the Court as a director. He therefore suggested that a Deputy Chief Cashier should become the chairman, with an official from the Banking & Money Market Supervision Section also acting as a director and the accountant working in that Section as an alternate.

PT 221

Slater, Walker Limited, however, presented a different situation as it would be an operational bank, even though it would be unlikely to undertake new business. In this case, it would be proper to have a Member of the Court on the board. It therefore seemed appropriate

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to suggest that the Deputy Governor should serve as its chairman and that the Chief Cashier should be a director (in addition to a merchant banker), with a Deputy Chief Cashier (working in the Banking & Money Market Supervision Section) acting as an alternate. It was hoped that the secretarial function for the two companies would be undertaken by a member of the Bank's staff. One man could probably serve both companies and the work would provide useful experience for a suitable candidate.

CT 221  
CT 225

The Committee concluded that the suggestions for manning the boards of the two subsidiary companies represented a sensible approach to the differing situations and expressed themselves as content with them.

CT 90

The Deputy Governor also spoke about the failure of the company in which Equity Capital for Industry Limited had made its first investment only four months previously.

*H. G. H.*  
*Secretary.*

THURSDAY, THE 1ST SEPTEMBER 1977

Present

The Governor  
The Deputy Governor  
Sir Maurice Laing  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to Minutes of the previous Meeting and earlier concerning Slater, Walker Securities Ltd., the Governor spoke about the recent meetings of the company's loan stockholders and of its shareholders, which had approved the various reconstruction proposals. The acquisition by the Bank of the company's wholly-owned banking subsidiary, Slater, Walker Limited, for a cash consideration of £3.5 mn., was being completed that morning.

The Quarterly Report on Errors and Omissions was submitted.

The Governor acquainted the Committee of an approach from the Treasurer of Cambridge University regarding a proposed scheme of scholarships for students from Southern Africa. This envisaged that perhaps 10 scholars a year, of a quality to benefit from Cambridge, might be selected to attend courses there chosen to suit their needs; and consultations about this proposal had already elicited strong indications of support. The Committee's reaction was that it was an imaginative scheme; but more detail was required, in particular on the extent of the support that it might actually be able to command and on the definition of the term "Southern Africa" - which it might be desirable to expand. It was left

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that the Governor would, in the first instance, mention the matter to the Foreign and Commonwealth Office and then see the appellant.

With reference to a Minute of the 23rd December 1976 regarding the possibility of removing the Accountant's Department out of London, the Deputy Governor reported that the working party's third report had now been submitted. The latest review, which had focussed on three particular sites, had reached the conclusion that, in spite of the savings that could result from a short-distance change in location, factors such as the disturbance to the staff and possible losses of data processing and other key personnel would make a move not worthwhile.

54  
The Chief Accountant had discussed the findings of the report with the two non-Executive Directors on the Accountant's Department Liaison Committee, who were inclined to agree with the line taken by the report and one of whom had made the suggestion that a move over a longer period of time might prove to be a more suitable proposition. In the general discussion which followed, these views did not find immediate acceptance among the Committee who, nevertheless, recognised that the subject was a contentious issue on which the Staff Organisation could be expected to take a strong stand. A number of instances of moves of organisations out of London, including the relocation of the Printing Works at Debden, were cited by Members, who noted that, without exception, these had been accomplished, after initial periods of readjustment, to the advantage of all parties concerned.

Finally, the Governor made the point that any further arguments not brought out by the working party's report should be assembled as quickly as possible as it was important to reach a decision on the matter in the near future.

CT 26.01

3

[REDACTED]

*Secretary.*



THURSDAY, THE 8TH SEPTEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Mr.de Rothschild

The Minutes of the last Meeting, having been circulated, were approved, subject to amendment in two respects.

CT. 54  
With reference to a Minute of the previous week regarding the working party report on the question of removing the Accountant's Department out of London, the Governor mentioned that the Chief Accountant was in favour of making an immediate announcement of his own views on the subject. The Governor had ruled against that proposal, as there had not yet been an opportunity to examine the recommendations in depth: and, moreover, further work still needed to be carried out in this connection. As soon as that had been completed, the matter would be submitted to the Committee for a full discussion.

CT. 61  
With reference to Minutes of the 15th April 1976 and earlier, a draft of an amended version of the Recognition and Procedure Agreement having been circulated to the Committee, Mr.Blunden attended and explained the need to revise the Agreement to reflect the fact that the Staff Organisation was now recognised as the bargaining unit for Banking Staff, Scale I, and the Technical and Services Staff. At the same time, it was proposed to amend the Agreement in a number of points of detail, largely to assist the Staff Organisation in obtaining recognition as an independent trade union. Mr.Blunden explained the proposed changes in detail and the Committee agreed to recommend to the Court of Directors that the draft Recognition and Procedure Agreement be approved.

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[REDACTED]

T. 76.01

With reference to Minutes of the 19th May and earlier, the Governor mentioned to the Committee the situation regarding the Direction.

T. 76.02

*for the  
Secretary.*

THURSDAY, THE 15TH SEPTEMBER 1977

Present

The Governor  
Lord Nelson  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to Minutes of the previous week and earlier, Mr. Blunden attended and spoke about a paper which examined the question of removing the Accountant's Department out of London. He explained that, prima facie, New Change was not a particularly suitable location for the Bank's registrar function, which did not need to be undertaken in London. Consequently, in 1975 the present Chief Accountant had been asked to investigate the possibility of moving the existing Department. A working party set up for the purpose had concluded that if a move did not coincide with prospective changes in computer hardware, such as those envisaged in 1980/81, it would be financially unattractive. It also took the view that a long-range move would entail too many risks, with little financial advantage over a short distance relocation.

A new working party was therefore appointed to identify, with help from professional advisers, available sites in the home counties for a move to fit in with the 1980/81 computer timetable. It had reported that out of 50 locations considered, only three merited detailed study. The selected locations were felt to be feasible, but not ideal, and, while the indications were that a move to any one would be financially worthwhile, the return would probably not be considered attractive by a commercial company. However, a number of factors had to be set against the possible financial savings, namely, the departmental management's known lack of enthusiasm for a move; staff opposition to relocation, which was encouraged

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by the Staff Organisation; the relatively high proportion of married women employed on skilled jobs who would not move; doubts about availability of computer staff; and, uncertainty over the ability to let vacated space at New Change.

CT. 54.  
Mr. Blunden said that it was therefore recommended that the Bank should not proceed with a further investigation of the three sites and that, in consequence, a move in 1980/81 should not now be contemplated. However, it was felt that the possibility of relocation should not be dropped and it was proposed that this fact should be made clear to the staff. He observed that, in any future exercise, the departmental management's role should be restricted to carrying out investigations of various aspects, rather than making recommendations, and that it would be necessary to commission a number of additional studies, without publicity, which would have a bearing on the subject. Finally, he emphasised the need to continue to search for an ideal location, a move to which could not be effected until the latter half of the 1980s.

CT. 69.  
In the course of the discussion which followed, it was suggested that consideration might be given to splitting the Department's computer operations from its other functions, and to the possibility of establishing a professional computer department whose technical staff would not expect to be rotated on other types of work in the Bank. The question of relocating other departments of the Bank was also raised but it was pointed out that a recent review had concluded that, apart from transferring paid note work and certain exchange control tasks to the Branches and to Glasgow, other activities should continue to be undertaken in London, though not necessarily in the heart of the City.

In conclusion, the Committee expressed themselves satisfied with the case against moving the Accountant's Department to any of the locations principally considered in the period 1980/81. They were also in favour of the suggestion that, when the staff were informed of this decision, they should be advised that it was still the Bank's long-term intention to pursue the matter of relocation. The Committee accordingly agreed that the paper which had been circulated to them should be submitted to the Court of Directors.

*K. J. [Signature]*  
Secretary.



THURSDAY, THE 13TH OCTOBER 1977

Present

The Deputy Governor  
Sir Maurice Laing  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

With reference to a Minute of the 28th March 1973, the Deputy Governor recalled that the Bank had assumed responsibility for the retirement benefits provided for the Governor by virtue of his membership of the J. Henry Schroder Wagg & Company Limited Staff Assurance Scheme (as amended), only modifying them in December 1976 to cover the increased level of remuneration that had been accorded to him. The arrangements took the form of a main assurance policy and, from December 1976, an additional policy; the capital sums covered by these policies would mature on the 25th November 1977, the Governor's 62nd birthday, being the normal retirement age under the terms of the Scheme.

He said that, as these policies were due to mature in the following month and the maturity could not be deferred, the Governor had formed the broad intention to commute the maximum amount that the Scheme and the Inland Revenue's regulations would allow, applying the balance to the purchase of an annuity on a joint and survivor basis on his life and that of his wife. The Bank's professional advisers had been consulted and had recommended that, if the Governor's wish to purchase an annuity was confirmed, an early surrender of the relevant policies should be made so as to take advantage of annuity rate quotations secured by them which would remain

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valid only to the 15th October, rather than wait until November when rates would evidently be less favourable. Having considered the advice in relation to the options open to him, the Governor had decided to act upon it. He had therefore set out his wishes in a letter addressed to the Bank, copies of which were laid before the Committee. As it would be incumbent upon the Bank, as holders of the policies, to initiate action for their surrender, it was proposed to seek the Court's agreement to the adoption of a resolution to that end. Accordingly, a draft resolution was submitted to the Committee who agreed that the Court should be invited formally to approve the various arrangements.

*W. H. G. H.*  
*Secretary.*

THURSDAY, THE 20TH OCTOBER 1977

Present

The Deputy Governor  
Sir Maurice Laign  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

The Quarterly Report of the Charitable Appeals Committee was submitted and referred to the Court of Directors.

With reference to Minutes of the 17th March and earlier, the Committee had before them a further report from the Charitable Appeals Committee which had been prepared in response to a request to reconsider the policy of the Bank regarding charitable donations. Mr. McMahon attended. It was recalled that formal guidelines had never been established in this field and that the Charitable Appeals Committee had questioned whether the present practice was appropriate, particularly as the Bank was now subject to increasing public scrutiny. It was also mentioned that in 1975 the Committee's responsibility for certain subscriptions and beneficial (as distinct from purely charitable) donations had been removed from its terms of reference and now lay with the departments most closely concerned.

Mr. McMahon said that, with changing attitudes, it might be difficult to justify the Bank's present pattern of giving, even though it was directed towards worthy charitable causes. He felt that there was a case for spending more money on economic research. The Deutsche Bundesbank and the Federal Reserve Board in Washington applied the greater part of the funds available

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for giving in that way and he considered that it would become the Bank to extend the scale of its support in that direction. It would seem likely that any publicity which might result from stepping up this form of expenditure would be broadly favourable. However, he did not feel that the present pattern of purely charitable giving should be completely suspended. The Bank's traditional support of City causes should be maintained as well as, on a smaller scale, the response to local approaches at the Branches. Furthermore, any phasing out of most of the Bank's charitable donations would have to be a gradual process.

It was pointed out that, in the course of the review conducted by the Charitable Appeals Committee, an attempt had been made to analyse comparative figures of charitable giving in the private sector but that it had been found that they had ranged widely. As regards the public sector, the evidence available had indicated that very little was given on a strictly charitable basis.

57  
Office file

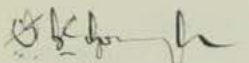
In discussion, the Committee showed themselves out of sympathy with so fundamental a change in approach as the report suggested. The Deputy Governor commented that a number of central banks followed a giving pattern similar to that of the Bank and that they, and banks generally, were more appropriate for the purpose of comparison than nationalised industries. He suggested that a formula for total giving could be constructed by applying to the Bank's pre-tax profits (exclusive of exceptional items) broadly the same percentage figure as emerged from the clearing banks' practice. On such a basis, a thinning down of the Bank's present level of support for charities would be necessary. However, it was evident that, if provision for economic research was excluded and certain categories of charities that had been accorded support in the past either disappeared or received less emphasis than hitherto, it should be possible to make adequate response to City appeals and to worthy philanthropic causes. Another view was that a budget for charitable giving, over a period of years, might be preferable to a figure linked to profit levels, which could give rise to problems if there were marked variations in the amounts available for distribution each year.

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On balance, the Committee were inclined to favour the adoption of a cash limit, which might well be changed over a period of time but preferably not year by year.

In conclusion, the Committee were of the opinion that any giving which was of direct benefit to the Bank, such as support for economic research, should remain outside the ambit of the Charitable Appeals Committee; that that Committee should have a budget, perhaps a sum of £50,000 per annum, subject to adjustment over time for changes in the value of money; and that City appeals, approaches to the Branches and deserving philanthropic causes, particularly those from which members of the staff might stand to benefit, should be accorded preference in the allocation of the available funds. It was left that, before any recommendations were submitted to the Court, the Chairman of the Charitable Appeals Committee would discuss the matter further with the Members of that Committee.

*57*  
*Office file*  
  
Secretary.

THURSDAY, THE 3RD NOVEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

27.8.1  
27.9.9  
The Governor spoke about the factors which had led up to the recent decision to adjust the Bank's intervention policies in the foreign exchange market and commented on the reactions in domestic markets: a discussion followed.

27.8.124  
Figures showing the results of the Banking Department's operations for the half-year ended the 31st August 1977 were laid before the Committee. The Deputy Governor spoke about the possible outturn for the full financial year and the size of the provisions that might be required.

27.7.103  
With reference to Minutes of the 8th September and earlier, the Governor reported a development regarding a name for the Direction.

27.7.101  
The Governor recalled that the pensions in payment to former Governors and Executive Directors were last enhanced, from the 1st July 1976, by 30%, that percentage representing two-thirds of the rise in the retail price index since the previous increase in pensions in 1974. In the twelve-month period following last year's adjustment, the cost of living had risen by 17.7%; and it was agreed to recommend to the Court of Directors that, with effect from the 1st July 1977, the pensions and ex gratia allowances in payment to former Members of the Court in respect of their exclusive services be increased by 11%, such percentage being equivalent to about two-thirds of the rise in the retail price index over the period in question. No part of these increases to be commutable.

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ST-70 01

The Governor acquainted the Committee of recommendations that he proposed to make to the Court concerning the remuneration of the Deputy Governor and the Executive Directors under the second phase of Pay Policy. Lord Nelson commented that the Governor should not be excluded from such a salary award and the non-Executive Directors present agreed that it would be appropriate to submit a similar recommendation to the Court in respect of the Governor.

*W. J. H.*  
*Secretary*

THURSDAY, THE 10TH NOVEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

CT 73  
The Committee had before them the Quarterly Report of the Committee to consider the Securities of Certain Funds which contained the suggestion that it would now be advantageous to increase the proportion of the Pension Fund invested in overseas securities. Mr. de Rothschild commented that, while it was incumbent upon the Securities Committee to aim to maximise the Fund's investment performance, in formulating their proposal the Committee had been mindful of the fact that further investment in the area suggested would involve a reduction in the proportion of monies invested in the United Kingdom and that there could possibly be repercussions from pursuing such a course.

The Governor said that, in his view, it would be unwise to adopt the recommendation since it would be undesirable to risk attracting adverse publicity on this score at the present time. He also drew attention to recent investments by the Pension Fund in South Africa. The point was made that approval for the purchases in question had been given some time ago, before the emergence of the current difficulties there. It was recognised that investment in that country must now be subject to a greater degree of risk on political and economic grounds.

It was agreed that the Committee's Report should be submitted for discussion by the Court of Directors.

A Report of the Committee on Bank Premises on their work was submitted and referred to the Court of Directors.

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The Quarterly Report on Errors and Omissions was also submitted.

With reference to Minutes of the 13th January and earlier regarding the proposed revisions to the present Court Pension Scheme, the Deputy Governor spoke about the need to establish a formal Trust and the stages by which the various arrangements would be effected, including seeking approval from the Inland Revenue. He outlined the provisions of a draft Trust Deed that had been prepared and suggested that three Trustees should be an adequate number. He proposed that they should all be Members of the Committee of Treasury; if two non-Executive Directors were nominated in addition to the Deputy Governor, the composition of such a group should ensure a satisfactory measure of continuity and control.

CF 70.01.  
Office file.

He then referred to ex gratia allowances, which were currently payable to 9 out of 13 beneficiaries, and said that, under the proposed new Scheme, it would be the intention so far as was permissible to fund and pay them with the pensions, thereby almost eliminating these allowances.

Another question was whether the Members of the new Court Scheme should be contracted in or out of the State scheme. The staff of the Bank were contracted out but it was pointed out that the considerations which had led to that decision did not necessarily apply in the case of Members of the Court Scheme owing to their different circumstances, principally their level of remuneration and their length of service on the Court. It was necessary to consult those concerned on this matter, and a recommendation would be made thereafter.

It was left that specific proposals regarding the new Scheme would be submitted to the Committee at a later stage.

With reference to a Minute of the 18th March 1976, the Governor recalled that the Bank had supported the 1976 Festival of the City of London by sharing, with a commercial organisation, the costs of a presentation of a work by

CF 57  
Office file.

19

Berlioz in St.Paul's Cathedral. It was mentioned that at the time there had been some misgivings about support which entailed participation with another sponsor activated, in all probability, by commercial motives.

An approach had now been received regarding the City Festival 1978 and a list of proposals for sponsorship was exhibited to the Committee. As there was a range of opinion on the subject, it was decided to defer the discussion until a subsequent Meeting, preferably one at which the Chairman of the Charitable Appeals Committee would be present.

*John*  
*Secretary*

THURSDAY, THE 17TH NOVEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

The Minutes of the last Meeting, having been circulated, were approved.

The following were submitted and referred to the Court of Directors -

1. The Quarterly Report of the Audit Committee.
2. A Report of the Committee on Permanent Control of Expenditure.

CT 101.  
CT 81.  
The Governor mentioned briefly the forthcoming visit of a delegation from the International Monetary Fund.

CT 27  
CT 22  
With reference to a Minute of the previous week regarding the question of the Bank's support for the Festival of the City of London 1978, the Deputy Governor reported that, from inquiries he had made, sponsors had not yet been found for two Schubert recitals to be given at the Fishmongers' Hall, each at a fee of £500. In agreeing that the Bank should accept the sole sponsorship of these two items, the Committee gave the Governors discretion to donate a further amount of up to £1,000 towards meeting the cost of other concerts or events.

CT 70.01  
CT 60.01  
The Governor spoke about senior salaries and the concern recently expressed by Directors about the effects of tapering and compression. In his opinion, it was timely to instigate a review of such remuneration and it would be appropriate that it should start at the level of Executive Directors. He therefore recommended that the study of Court salaries undertaken in 1973 should now be updated and he proposed that Sir Adrian Cadbury and Mr. Blunden should be asked to carry out this exercise.

CF 70.01  
CT 68.91  
PT 68.06

The Committee supported the proposal and in the course of the discussion that followed it was agreed that the review should embrace pensions as well as salaries; that the whole structure should be re-examined; and that it would be essential to define the duties and responsibilities of the various jobholders. The point was also made that, in present circumstances, it might be worth looking into the possibility of awarding notional salaries, with the object of enhancing pension entitlement.

H. H. H. H.  
Secretary



THURSDAY, THE 24TH NOVEMBER 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

T 70.03. The Deputy Governor discussed with the Committee the situation regarding the reappointment of the Governor.

T 60.01. It was agreed to recommend to the Court of Directors that, with effect from the 5th December 1977, G.L.B.Morgan, a Deputy Chief of Administration, be appointed a Deputy Chief Accountant.

A Minute on appointments recommended by the Governors was submitted and referred to the Court of Directors.

54. The Deputy Governor acquainted the Committee of the need to replace the ICL 1900 computer system in the Accountant's Department which was about seven years old. He spoke of the advantages to be gained from continuity with the same manufacturer and said that although a new 1900 system would meet the Department's needs, the company had set a terminal date for maintaining that particular series. This then pointed to the acquisition of the more advanced 2900 computer which, with the necessary hardware and software, the hire of personnel to rewrite programs and building work for siting the new equipment, would cost about £6 mn.

In the course of a discussion of the proposal, which had not been submitted for a decision at this stage, the point was made that the question of the eventual relocation

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of the Accountant's Department should be taken into consideration, although the Committee recognised that the replacement of the system would be subject to a time constraint. Certain other issues were also raised, including the possibility of obtaining serviceable 1900 computers from present users who required more sophisticated equipment, and it was decided to adjourn the discussion until a subsequent Meeting.

*H. L. H.*  
*Secretary.*

THURSDAY, THE 1ST DECEMBER 1977

Present

The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

A Report of the Staff Committee covering the Chief of Establishments' review of Premises and the Technical and Services Staff was submitted and referred to the Court of Directors.

The Deputy Governor informed the Committee that the report of the Pay Committee of Inquiry into the circumstances which had led to the Crown Agents for Oversea Governments and Administrations requesting financial assistance from the Government in 1974 would be published that day, together with the report by the Stevenson Committee on the Crown Agents. At the same time, the Government would issue a statement on the Pay Committee report. He said that it was now the intention of the Government to set up a further committee to inquire into individual responsibility for the mistakes and losses that had occurred.

The Deputy Governor outlined some of the unsatisfactory features of the conduct of the Crown Agents' affairs and the ground covered by the Pay Committee report, in which some criticism was implied of the role of the Bank. The decision to undertake a further inquiry was not in his view unsatisfactory from the Bank's standpoint as it should give an opportunity to rebut these suggestions. He explained that the Bank had at an early stage expressed their concern

BH

to the Treasury about the nature of the Crown Agents' operations, but the Treasury had failed to pass these warnings on to the Ministry of Overseas Development. The Stevenson Committee had eventually been appointed, the Bank having unsuccessfully argued the case for a different form of committee on which they had sought to obtain a seat for an Executive Director from the Bank. Furthermore, the Bank had subsequently suggested that one of their senior officials should be released to take control of the Crown Agents' banking business. The Bank were therefore in a position to make some pertinent comments to the new inquiry on aspects of the Fay Committee report which should go far to rebut the criticism which it had voiced.

CT. 57. With reference to a Minute of the 1st September regarding a proposed scheme of scholarships for students from Southern Africa, the Deputy Governor reported that the Foreign and Commonwealth Office had welcomed the idea, which they felt would supplement official efforts already being made in this field. The Treasurer of Cambridge University had subsequently explained that, in this particular context, "Southern Africa" would embrace Malawi, Zambia, Rhodesia, Namibia, Botswana and South Africa. Although merit would obviously be a prime consideration in awarding some ten scholarships a year, there would have to be some "country balance" in the selection of candidates. The objective was to raise £2 mn. and donations would be sought primarily from companies and financial institutions with a special interest in Southern Africa. The purpose of the approach was partly to seek at least the Bank's moral, if not their financial, support.

The Committee reaffirmed their view that it was an imaginative and worthy idea, which might help to re-establish links in an area where they had been largely broken. They concluded that it would be appropriate for the Bank to support the scheme's objectives by means of a modest financial contribution and agreed that a single donation of £1,000 should be made.

B.H.



6.7.03 The Deputy Governor referred to the situation regarding the Direction and asked Members of the Committee to be ready to suggest suitable names.

6.7.54 With regard to a Minute of the previous week about the need to replace the computer system in the Accountant's Department, after a brief reference to some of the issues raised previously, it was decided to defer consideration of the subject until the Deputy Governor had had a meeting with the suppliers.

The Deputy Governor also acquainted the Committee of the following matters -

- 6.7.101  
6.7.81.
1. The course of the discussions with the I.M.F. delegation.
  - 6.7.57.  
Office file 26 2. With reference to a Minute of the 17th November concerning the Festival of the City of London 1978, the sponsorship by the Bank of the two recitals each costing £500 had been confirmed. Sponsors having now been found for virtually all the other items, the Bank had offered to consider extending additional, but limited, support if the organisers found themselves in difficulty with regard to any particular event.
  - 6.7.22 3. With reference to Minutes of the 7th July and earlier, the publication of the Government's Reply to the Report from the Select Committee on Nationalised Industries on the Bank of England.
  - 6.7.85 227. 4. Developments regarding discussions on securities regulation.

B. Hancock  
Asst Secretary

THURSDAY, THE 8TH DECEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens  
Mr.de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

Arising therefrom, a general discussion ensued on the implications for the Bank of the Fay Committee report and of the forthcoming inquiry into possible neglect or breaches of duty in connection with the Crown Agents' losses. In particular, reference was made to the form in which the Bank had represented to H.M.Treasury their disquiet about the nature of the Crown Agents' operations and to the response which it would be appropriate for Directors to make to any questions about the Bank's involvement. In the course of the discussion the Governor briefly outlined the substance of an exchange of correspondence with Sir Douglas Wass on the subject of the Bank's support operations.

The Committee were informed of the circumstances underlying the Chief Accountant's request to retire early and of the details of the pension which it was proposed to grant him. It was agreed to recommend to the Court of Directors that, with effect from the 3rd April 1978, G.L.B.Morgan, a Deputy Chief Accountant, be appointed Chief Accountant.

The Governor spoke in general terms about his attendance upon the Wilson Committee earlier in the week to present the Bank's oral evidence.

With reference to the Minutes of the previous week and earlier the Governor referred to the situation regarding the Direction.

*h. h. h.*  
Secretary.

THURSDAY, THE 15TH DECEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Lord Robens  
Mr. de Rothschild  
Sir Adrian Cadbury

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The Minutes of the last Meeting, having been circulated, were approved.

Arising therefrom, there was a brief discussion on the Governor's recent attendance upon the Wilson Committee to present the Bank's oral evidence.

With reference to Minutes of the previous week and earlier regarding the Fay Committee report, the Governor spoke about the Government's acceptance of Parliament's wish that the further inquiry into individual responsibility for the mistakes and losses of the Crown Agents should be held in public under the Tribunals of Inquiry (Evidence) Act, 1921.

With reference to Minutes of the 1st December and earlier, the Governor reported that it now seemed unlikely that the Government's Reply to the Report from the Select Committee on Nationalised Industries on the Bank would be published before the New Year. In the meantime, the Select Committee had intimated that they wished to undertake a further examination of the Bank. The Governor said that he understood that this new review would be on the basis of a straightforward "report and accounts examination" of the Bank and that the Select Committee intended it to be a helpful response to a growing call for more information about the fringe bank support arrangements. The Governor sketched out the line that would be adopted by the Bank in submitting evidence to the Select Committee in the forthcoming inquiry and emphasised that he intended to take the opportunity of presenting an authoritative account of the Bank's involvement in the field in question.

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With reference to Minutes of the 1st December and earlier about the need to replace the computer system in the Accountant's Department, the Deputy Governor reported on a recent meeting he had had with the suppliers. He set out the factors which pointed to the desirability of acquiring the more advanced ICL 2900 computer - including the advantages to be gained from changing to a higher grade computer language, and, on the other hand, the handicaps that would follow from continuing to be linked to what would become an obsolete system - even though the Department did not in fact require the more sophisticated equipment for its work processes. In response to pressure, the company had offered to contribute towards the expense of conversion to the new system and had eventually agreed to give a discount of £300,000 on software costs. The Committee considered that, in the circumstances, the proposal outlined to them represented an acceptable solution to the question of the replacement of the Accountant's Department computer equipment.

The Governor acquainted the Committee that Mr. Blunden had received, and proposed to accept, an invitation to fill the vacant post of Chairman of the Board of Governors of the St. Peter's Hospitals.

*[Handwritten signature]*  
Secretary.



THURSDAY, THE 22ND DECEMBER 1977

Present

The Governor  
The Deputy Governor  
Lord Nelson  
Sir Maurice Laing  
Lord Robens

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The Minutes of the last Meeting, having been circulated, were approved.

A Report of the Staff Committee on Banking Staff wastage was submitted and referred to the Court of Directors.

CT 52 .  
The Governor spoke to the Committee about certain alterations in exchange control rules which would come into effect shortly. The decision to make these changes followed discussions between the United Kingdom Government and the Commission of the European Communities about E.E.C. provisions for liberalising capital movements.

ST 302 .  
With reference to Minutes of the last week and earlier, it was reported that the Wilson Committee's progress report on the financing of industry and trade had been published on the previous Thursday. The Governor referred to the high standard of the evidence submitted by City institutions for stage one of the inquiry and commented that the Wilson Committee would revert to the subject of pension funds. A brief discussion in general terms on the role of the large pension funds and their investment activities then followed.

The Governor acquainted the Committee of the following matters -

- Sec 36
1. The circumstances regarding the publication in "Tribune" of extracts from a confidential internal Bank discussion paper written by a contract economist. The Governor said that the paper represented the writer's own views and not those of the Bank and that it had been prepared some seven months previously.
- CS

2. Lord Trevelyan, President of the Council of Foreign Bondholders, had asked that the City's subsidy to the Council be continued next year at £15,000. It was proposed to seek contributions on the same basis as last year from -

CT 168.

Clearing Banks	£5,500
British Insurance Association	£1,350
Association of Investment Trust Companies	£500

and that the Bank should contribute the balance of £7,650.

*H. G. Langford*  
Secretary.

