

COMMITTEE OF TREASURY

MINUTE BOOK

80

THURSDAY, THE 12TH JANUARY 1978

Present

A Full Committee

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

With reference to a Minute of the 17th November 1977 concerning senior salaries and the decision to update the review of Court salaries undertaken in 1973, the Governor invited Sir Adrian Cadbury to speak about a note which he had prepared as a first report on the study. Mr. Blunden attended.

Sir Adrian Cadbury said that in establishing a new salary structure, it would be desirable in the first instance to assess the salary levels which ought to be paid on the basis of appropriate comparisons and only then proceed to determine how far it would be possible to move towards those levels in current circumstances. In assessing these salary levels, the Bank should rely primarily on comparisons with other financial institutions: if comparability with the financial sector were accepted as the yardstick, it seemed wrong to apply a tapering formula. He also suggested that consideration should again be given to adopting salary bands for the senior posts and that, in order to obtain an objective view of the present content of the jobs of the Executive Directors, such an assessment should perhaps be undertaken in conjunction with an outside consultant.

A general discussion followed in which reference was made to the unique position of the Bank, in that in other public enterprises senior salaries were determined by the Minister concerned; and to the fact that certain initiatives on the part of the Bank might invite their inclusion in the range of institutions subject to the

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Review Body on Top Salaries. For that reason, the Committee felt that, rather than engage the services of an outside consultant, as had been suggested, it would be preferable to invite Sir Henry Benson to join two Directors in formulating their recommendations. The Governor then adjourned the preliminary discussion on the subject and invited Members to consider the paper which had been submitted by Sir Adrian Cadbury.

With reference to Minutes of the 15th December 1977 and earlier, the Governor spoke about the forthcoming examination of the Bank by the Select Committee on Nationalised Industries and discussed with the Committee the presentation of evidence.

[Handwritten signature]
Secretary.

THURSDAY, THE 19TH JANUARY 1978

Present

The Governor
The Deputy Governor
Lord Robens
Sir Adrian Cadbury

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

With reference to Minutes of the last week and earlier, the Governor spoke about the presentation of evidence to the Select Committee on Nationalised Industries the previous day, which had been concentrated on the fringe bank support arrangements. He also mentioned a need to prepare a comprehensive paper on the secondary banking crisis for stage two of the Wilson Committee's inquiry.

A statement of forthcoming retirements having been submitted, it was agreed to recommend to the Court of Directors that, with effect from the 10th March 1978, D.A.Walker, a Chief Adviser, Economic Intelligence Department, be appointed Chief of the Economic Intelligence Department, in the place of M.J.Thornton.

With regard to a Minute of the 1st December 1977, the Governor also referred briefly to developments regarding securities regulation.

Mr.Blunden attended and spoke about the following matters -

1. The claim which had been submitted by the Staff Organisation under Schedule 11 of the Employment Protection Act for comparability of treatment with staff in the clearing banks, in relation to the London Allowance, medical insurance for senior staff, cars for Administrative Staff and profit sharing. He explained that, on timing grounds, the London Allowance could not be enhanced at this stage and

CF 60.01
CF 60.02

that since 1975 there had been a commitment by the Bank to introduce a scheme for free medical insurance when pay policy permitted. That left the claims for cars for Administrative Staff and profit sharing, or some cash allowance in their place. In instances such as these, the Advisory, Conciliation and Arbitration Service were required to try to achieve conciliation; but conciliation would in their view only be possible if the Bank were prepared to enter now into a precise commitment for the future under these heads. It was recalled that a claim by the Staff Organisation for the provision of cars had previously been rejected by the Bank and the Committee considered that there were no grounds for a change of view on that matter; they also recommended that the Bank should not give any form of commitment with regard to profit sharing.

- CF 57
CF 190
H. J. A.
2. An approach which had been made to the Bank for support of a project being promoted by the C.B.I. entitled "Understanding British Industry". He said that the aim of the scheme was to improve the understanding by students of what happened in industry and commerce from the shop floor up to board level. The project, which would not be politically orientated, had the blessing of the present Government and had already been promised the support of most of the major companies and the nationalised industries, as well as that of the clearing banks. Sir Adrian Cadbury having declared his interest in the subject, the Committee agreed that it would be appropriate for the Bank to support "Understanding British Industry" and give an amount of £1,000 per annum for seven years.

H. J. A.
Secretary.

THURSDAY, THE 26TH JANUARY 1978

Present

The Governor
The Deputy Governor
Lord Nelson
Lord Robens
Sir Adrian Cadbury

10.03
to file
70.01
Prior to the arrival of the Governor, Lord Nelson informed the Committee in confidence that H.M. The Queen had approved the re-appointment of the Rt. Hon. Gordon Richardson, M.B.E., as Governor for a further term of five years from the 1st July 1978. He said that, in the meantime, consideration would be given to the Governor's conditions of service and remuneration.

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

60.01
It was agreed to recommend to the Court of Directors that A.D. Loehnis, who was seconded to the Bank in the rank of Adviser from the 20th April 1977 for a period of about two years, be redesignated a Chief Adviser.

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

1. From the Audit Committee -

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

The Annual Review of the work of the Committee.

2. In connection with the Annual Review of Staff -

A Minute on appointments recommended by the Governors;

A Report of the Staff Committee recommending certain gratuities; and

A Minute on gratuities recommended by the Governors to members of the Printing Works Staff.

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3. From the Staff Committee two Reports covering the following subjects -

The Chief of Establishments' Review of General Staff Administration and Training; and

The Rules of the Bank of England Pension Fund.

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With reference to Minutes of the 12th January and earlier concerning the review of senior salaries, Mr. Blunden attended and Sir Adrian Cadbury recalled that it had been decided that the updating of the study of Court salaries should be undertaken by Mr. Blunden and himself. Sir Adrian Cadbury now suggested that it would be appropriate if Mr. Clay were to be associated with him in the next stage of the exercise, in place of Mr. Blunden, whose assistance would however be sought whenever necessary. The Committee concurred and then resumed their consideration of various aspects which would merit examination in the review. In the course of a general discussion, it was mentioned that if comparability with outside analogues were adopted as the basic principle, the salary structure could then be adjusted each year to take account of external influences and, at the same time, the worth of an individual's particular contribution could be reflected by means of moves within a salary band. Such a system should obviate the need for across-the-board awards and tapering. It was agreed that the practicalities of introducing a single progressive salary structure embracing senior officials and Executive Directors merited examination.

The Governor commented that as the Bank and their affairs were under increasing scrutiny, it had to be recognised that the Court as a whole would have to be prepared to justify and defend any new system that they might propose to adopt. It was left that the two Directors should proceed with the review, drawing on the experience of Sir Henry Benson in formulating their recommendations.

H. G. G. G.
Secretary.

THURSDAY, THE 9TH FEBRUARY 1973

Present

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

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

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

J.B.PAGE,)	
Chief Cashier)	
)	
E.B.BENNETT, D.S.C.,)	£750 (additional)
Chief of)	
Exchange Control)	
)	
G.J.COSTELLO,)	
Chief Accountant)	
)	
S.W.PAYTON, C.M.G.,)	£750
Chief of the)	
Overseas Department)	
)	
)	
)	
P.A.S.TAYLOR,)	
Chief of Administration)	
)	
M.J.S.CUBBAGE, M.B.E.,)	
General Manager,)	£750 (additional)
Printing Works)	
)	
J.A.KIRBYSHIRE,)	
Chief Adviser)	
(Overseas Department))	
)	
M.J.BALFOUR,)	
Chief Adviser)	
(Overseas Department))	£750
)	
J.B.REID,)	
Principal, Scale Z)	
(Cashier's Department))	£685

Reports from Mr. de Rothschild and Mr. Blunden on their visit to the Bristol Branch and from Lord Robens on his visit to the Newcastle Branch were submitted.

The Deputy Governor referred to the Court's recent consideration of the proposed retirement arrangements for the present Chief of Establishments and Chief of the Economic Intelligence Department and recalled that attention had been drawn to the possibilities of making lump sum payments in excess of £5,000 without attracting tax, should it be thought desirable to contemplate larger sums. He said that inquiries of the Bank's tax consultants had shown that such payments were permissible, subject to the agreement of the Inland Revenue in the light of their assessment of certain relevant factors. As to amount, a limit was set by a formula based on average taxable emoluments over the last three years, the number of years' service completed and the amount of commutation. Because of the commutation element, discussion with the person concerned would be necessary before a reasonably firm view could be taken of the likely maximum allowable in each case.

In order to consider whether there was a case for awarding a larger sum than £5,000, the Deputy Governor then indicated, by means of illustrative figures, what notional salary increase ahead of retirement would, when converted into pension and fully commuted, produce various given lump sums. As any increased award would probably lead to a corresponding reduction in the amount of pension commuted, the net effect in all probability would be an increase in residual pension. If they had been permissible, salary increases of £1,500 in the two instances could well have been recommended and a case could be argued for a cash payment (subject to Inland Revenue clearance) of up to £11,600 for each official; rounding might then justify a figure of £12,000.

The Committee considered that it would be appropriate to make payments of this order in these two cases, subject to the Revenue's approval, and agreed to recommend this course of action to the Court of Directors. In so doing, the Committee recognised that such discretionary payments would need to be carefully adjusted to the circumstances of each future case and that, of the factors which currently influenced the granting of these awards, the effect of Government controls on incomes would be likely to taper off in future.

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With reference to Minutes of the 19th January and earlier regarding securities regulation, the Deputy Governor outlined the objectives of the proposed arrangements and the manner in which it was intended to implement them. He also spoke about the problem of finance for the new scheme and mentioned a possible means that was being pursued.

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The Governor informed the Committee that he had been considering the engagement of a recently retired Civil Servant in an advisory capacity. The Committee were in favour of the idea and encouraged the Governor to seek his services.

H. P. G. H.
Secretary.

THURSDAY, THE 23RD FEBRUARY 1978

Present

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

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

It was agreed to recommend to the Court of Directors that pursuant to Section 139 of the Companies Act 1948, and until otherwise resolved by the Court of Directors, -

1. The Deputy Governor, for the time being, or failing him Mr.J.S.Fforde, 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 Bank of England Nominees Limited.
2. The Chief of Establishments, or failing him the Chief of Administration, or failing him the Secretary, all of the Bank of England, and for the time being, be authorised to act as the representative of the Governor and Company of the Bank of England at any meeting of B.E.Services Limited.
3. The Chief Cashier of the Bank of England, for the time being, or such other person as may be nominated by him in writing, be authorised to act as the representative of the Governor and Company of the Bank of England at any meeting of EBS Investments Limited.

The following were submitted -

1. The Quarterly Report on Errors and Omissions.
2. A statement of Accounts of the Bank Provident Society for the year ended the 30th November 1977.

73.02
for file

With reference to Minutes of the 18th January 1967 and earlier concerning the Personal Accident Insurance Policy covering Members of the Court and their wives travelling on Bank business, the Deputy Governor, having declared his contingent interest and that of all other Members of the Court, reported that a review of the benefits payable under the terms of the scheme had recently been completed. The main benefits under this Policy had not been enhanced for almost 18 years and it was agreed that it would be appropriate to increase, with effect from the 1st March 1978, the maximum benefit payable in the event of the death of a Member of the Court or of a wife to £75,000 and, in the case of the Governor or Mrs. Richardson, to £125,000.

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for file

The Deputy Governor spoke about the use of Bank cars, with particular reference to the needs of the Governor, and the Committee agreed that the Governor should continue to feel free to avail himself of the use of Bank transport in all circumstances and on all occasions.

70.03

The Deputy Governor acquainted the Committee of the situation regarding the Direction.

H. J. ...
Secretary

THURSDAY, THE 2ND MARCH 1978

Present

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

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

Arising therefrom and from the decision to improve the benefits payable under the Personal Accident Insurance Policy covering Members of the Court and their wives travelling on Bank business, the Deputy Governor outlined the proposed provision for widows in the new Court Pension Scheme.

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 1978, -

1. That the exclusive service of MR. J. S. FFORDE be engaged during his term of office 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.
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	£24,708 a year
MR. C. W. McMAHON	a year
MR. GEORGE BLUNDEN	£21,958 a year

The Committee had before them the Quarterly Report

of the Committee to consider the Securities of Certain Funds. This contained the proposition that, in managing the investments of the Pension Fund, a more flexible approach might be adopted to the limits to the proportion of the Fund that may be invested in the various categories of securities, with a particular view at the present time to increasing the stake in the U.S. market.

It was recalled that when consideration had recently been given to a proposal to increase the proportion of the Fund that might be invested in overseas securities, it had been decided that it would be unwise to adopt such a course at the time because of the risk of attracting adverse publicity. Nevertheless, it was incumbent on the Fund to aim to maximise its performance, and, on investment grounds, it was accepted that there was a strong case for augmenting the portfolio of American securities. The Committee then discussed various ways by which such an objective could be achieved and decided to recommend to the Court of Directors that, if they accepted that further modest investment in overseas, and, in particular, U.S., securities was now desirable and defensible, the Fund should be authorised to exceed the current book value target of 15% by a margin of 2½%, for the time being. In so doing, the Committee recognised that the position would need to be reviewed prior to the next occasion of the publication of the Fund's investments.

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

H. G. H. H.
Secretary.

MEMBERS OF THE COMMITTEE OF TREASURY

FOR THE YEAR 1978/79

THE GOVERNOR

THE DEPUTY GOVERNOR

LORD NELSON

SIR MAURICE LAING

LORD ROBENS

MR.de ROTHSCHILD

SIR ADRIAN CADBURY

THURSDAY, THE 9TH MARCH 1978

Present

The Governor
The Deputy Governor
Lord Nelson
Lord Robens
Sir Adrian Cadbury

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

It was agreed to recommend to the Court of Directors -

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

STAFF COMMITTEE

MR.CLAY
SIR HECTOR LAING
SIR ALASTAIR PILKINGTON
MR.BLUNDEN, Deputy Chairman
SIR DAVID STEEL
MR.DRAIN

DEBDEN COMMITTEE

SIR HECTOR LAING
MR.FFORDE
LORD WEIR
MR.BLUNDEN
SIR DAVID STEEL
MR.DRAIN

AUDIT COMMITTEE

LORD ROBENS
MR.de ROTHSCHILD
MR.DOW
MR.BLUNDEN
SIR ROBERT CLARK

COMMITTEE TO CONSIDER THE
SECURITIES OF CERTAIN FUNDS

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

CHARITABLE APPEALS COMMITTEE

SIR MAURICE LAING
MR.McMAHON
MR.DOW
THE SECRETARY, ex officio

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
SIR ADRIAN CADBURY
MR. BLUNDEN

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

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

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ST. 26

With reference to Minutes of the 9th February and
earlier regarding securities regulation, the Governor spoke
about a meeting which had been held at the Bank the previous
day to consider a revised draft paper outlining the proposed
scheme for the regulation of the Securities Industry. The
method of financing the new arrangements had still to be
determined: but the Governor mentioned the two possibilities
that were in mind. It was the intention to make a public
announcement about the proposed scheme by the end of March.

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The Governor also mentioned his meeting the previous day with the Chairmen of the London Clearing Banks. After he had commented on lending by the banks and building societies, the Committee discussed in general terms the question of the rate of inflation.

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With reference to a Minute of the 22nd December 1977 concerning the publication in "Tribune" of extracts from a confidential internal Bank discussion paper written by a contract economist, the Governor spoke to the Committee about the inquiry into the incident, the action which it was proposed to take with regard to the use of copying machines, and a review of the content of secrecy declarations and the way in which their importance could be brought home to those employed by the Bank.

H. G. ...
Secretary.

THURSDAY, THE 16TH MARCH 1978

Present

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

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

The Deputy Governor spoke about a report on the organisation and management of the Premises Division which had been prepared by Oscar Faber and Partners, consulting engineers, and outlined the recommendations which it contained. It was proposed that, in place of the present organisational structure, four self-contained sections, each in the charge of a manager, should be established. This change would entail regrouping the various activities presently undertaken by the Division on a project basis; and should make for a more efficient control and, in due course, some staff economies. The report had also drawn attention to a wide variance in energy costs for Bank premises, which in some areas called for close scrutiny, and had made proposals for energy conservation measures.

The Committee on Bank Premises had examined the report submitted by the consultants and had recommended the adoption of the main proposals. Implementation would present a number of problems and that Committee had accepted that the changeover would need to be phased over a period. They had also commented that proposals for giving Agents greater responsibility for the maintenance and running costs of the Branch buildings should be pursued.

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The Committee of Treasury were in favour of the adoption of the proposals for re-organisation submitted by the consulting engineers and also of the other recommendations; and it was agreed that the Court should be acquainted of the main features of the proposed arrangements.

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 07-68.
 A Report from Sir Maurice Laing and Sir Hector Laing on their visit to the Liverpool Branch was submitted. This commented on the security weakness of the open bullion yard and, more fundamentally, called in to question the future role of the Branch. On the first issue, it was mentioned that the delay in reaching a decision on roofing over the yard had been occasioned by consideration of the second point. A contract for the provision of a roof had, in fact, now been awarded and completion of the work was scheduled for July. With regard to the future of the Branch itself, a number of factors that argued against early closure had been put forward by the Chief Cashier. In the Committee's view, the fact that a withdrawal from Liverpool would be seen locally as a sign of further lack of confidence in a depressed area was the only argument of much significance; and the Committee were not persuaded that the Bank should retain the Branch there indefinitely. The question of the future of the Liverpool Branch should therefore be kept under review, it being recognised that in the event of a decision to close it, the timing and phasing of the operation would merit careful consideration.

H. G. Laing
 Secretary.

THURSDAY, THE 23RD MARCH 1978

Present

The Governor
The Deputy Governor
Lord Nelson
Sir Adrian Cadbury

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

It was agreed to recommend to the Court of Directors -

- CT 744
- I. That, with effect from a date to be determined by the Governors, -
- (a) Following the recent review of the Bank's public information services and the acceptance by the Court of the proposals for the enhancement of present arrangements, a Public Information Division should be established within the Administration Department, encompassing the existing Press Office.
- CT 60.01
- (b) BRIAN QUINN (41), an Assistant Chief Cashier, Scale I, who currently has responsibility for press relations, should be appointed a Deputy Chief of Administration to take charge of the new Public Information Division.
- CT 60.01
- II. That THE RT.HON.LORD CROHAM, G.C.B., be employed by the Bank with the rank of Adviser to the Governor with effect from the 10th April 1978. The appointment to be non-pensionable and Lord Croham to receive remuneration at the rate of £12,000 a year.

CT 60.02

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

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A further Report of the Staff Committee on a new salary structure was also submitted. Mr. Clay, Mr. Blunden and the Chief of Establishments attended. It was explained that the outline of a proposed new Scheme of Classification had been drawn up in terms of 1975 salaries in order to free discussion of it from the conflicting pressures that arose when negotiating actual salary levels. The Staff Committee felt that it would be desirable to try to obtain agreement on a Scheme, as an objective, which was as near as possible to the ideal and, when that had been done, to move on to negotiation of actual measures of implementation, spreading these over a period of probably three years.

As a result of recent pay settlements, differentials had been eroded to an extent that increases on promotion did not adequately recognise greater responsibilities undertaken. In the new Scheme, therefore, differentials had been set to achieve a more tolerable salary structure than existed at present. With regard to its administration, a proposed feature was a neutral performance index, for performance neither good enough to earn an increase in salary nor sufficiently poor to warrant formal disciplinary action. In addition, primarily for junior staff, another departure recommended from current practice entailed the award of single non-pensionable cash payments for high levels of performance in any year.

The Committee of Treasury expressed themselves in favour of the new salary structure outlined in the paper which had been circulated, and in particular of the general policy on differentials which lay behind it, and agreed to commend the proposals to the Court of Directors. It was mentioned that although the Staff Organisation had been consulted during the preparation of the structure, it was not yet known to what extent there would be acceptance of the revised Scheme.

W. G. H. .
Secretary.

THURSDAY, THE 30TH MARCH 1978

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.

CT. 227

With reference to Minutes of the 9th March and earlier regarding securities regulation, the Deputy Governor reported that an announcement about the formation of the Council for the Securities Industry would be made by the Bank that evening. He spoke about the composition of the Council, including the appointments of the Chairman and the Deputy Chairman, and outlined the manner in which it would be likely to operate. He also mentioned that the costs of the new organisation would be met from two sources. In the first place, contributions would be made by the bodies represented on the Council; and, secondly, it was proposed that there should be a levy on security transactions where the consideration money exceeded £5,000.

CT. 70.01
CT. 60.01

With reference to Minutes of the 26th January and earlier regarding the review of senior salaries, the Committee considered a report which Sir Adrian Cadbury had submitted on the subject of the remuneration payable to Executive Directors. In introducing his paper, Sir Adrian Cadbury said that, having examined the present jobs and their occupants, he did not consider that there were grounds for suggesting salary differentials. He then spoke about the basis of the recommendation, in the formulation of which he and Mr. Clay had been assisted by Sir Henry Benson, who had assembled data on a number of outside employments.

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The Committee expressed themselves in favour of the proposal set out in the paper which had been shown to them, although it was recognised that the extent to which the recommendation could be implemented this year had still to be determined. Another matter requiring consideration was the appropriate level of remuneration for the Governor and the Deputy Governor and it was left that Sir Adrian Cadbury and Sir Henry Benson would confer with Lord Nelson on the matter.

H. Benson
Secretary.

THURSDAY, THE 20TH APRIL 1978

Present

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

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

ET 70.01
It was agreed to recommend to the Court of Directors that the deferred pension and deferred ex gratia allowance granted to The Rt.Hon.The Earl of Cromer by Orders of Court of the 26th May 1966 and the 14th July 1966, and subsequently increased by Orders of Court of the 30th November 1967 and the 28th August 1969, be now increased to £3,865 and £992, respectively, at which level payment should commence on the 28th July 1978. It was also recommended that both payments should attract any increase awarded in Court pensions in 1978 and subsequently.

ET 222
The Committee discussed in general terms the position of pension funds, and more specifically the funding of schemes and the trend towards increasing investment in the property market. The Governor recalled that, in the next stage of their inquiry, the Wilson Committee would be paying particular attention to the subject of pension funds.

ET 9.9
ET 99.01
The Governor spoke about the proposals that had been made by the Chancellor of the Exchequer in his recent Budget speech and explained the considerations that had pointed to the need to increase Minimum Lending Rate. He commented on reactions in the various markets and also on the intention to issue U.S. dollar bonds on behalf of H.M.Government.

ET 90
The Governor also mentioned briefly the Price Commission report on bank charges, which had been published earlier in the week.

De la Roche
Secretary.

THURSDAY, THE 27TH APRIL 1978

Present

The Governor
The Deputy Governor
Lord Nelson
Mr.de Rothschild

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

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

With reference to a Minute of the previous Meeting, the Governor spoke about the issue by H.M.Government of U.S. dollar bonds and said that the offering date had been brought forward to that day in the light of conditions in the U.S. market. He also gave details of the terms which had been fixed the previous evening for the two maturities of bonds.

The Deputy Governor reported on the discussion with the Treasury of the proposed banking legislation and explained that, while it was intended that the Bank's control and supervision of the banking system would remain unchanged, it was the objective to institute a licensing scheme to embrace all non-bank deposit-taking institutions. He emphasised the need to retain an adequate degree of flexibility in the proposed legislation which was likely to provide for the submission by the Bank of a formal annual report to the Chancellor of the Exchequer, and subsequently to Parliament, regarding the use of the powers in the Bill. The Deputy Governor commented that the Bill itself was developing in a satisfactory manner and should enable the Bank to operate effectively in the field of banking supervision.

With regard to Minutes of the 19th January and earlier, the Governor referred to the background paper on the secondary banking crisis, which had been prepared primarily for the Research Panel of the Wilson Committee, and said that copies had also been sent to the Select Committee on Nationalised Industries. The paper would also be made available to the press for publication on the following Tuesday, on which day the minutes of evidence of the recent sessions of the Select Committee would also be published.

H. G. ...
Secretary.

THURSDAY, THE 11TH MAY 1978

Present

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

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

The Quarterly Report on Errors and Omissions was submitted.

Mr. Blunden attended and spoke about his paper regarding the effect that pay policy might impose on the pensions of those members of the staff who retired in the current year. He explained that those who had retired in 1975/76 were likely to enjoy permanently higher pensions than their peers who retired either before or after them. By contrast, because salaries would almost certainly be increased at a higher rate than pensions in July, those who retired in the current year would be likely to be granted pensions which permanently compared unfavourably with those who retired after them as well as bearing an unfavourable comparison with those of their predecessors.

Discussions with the Inland Revenue had pointed to a means by which many of the pensions in question could be brought more into line with those of staff who had retired in the period 1976/77, though there was no way whereby they might catch up with those who had retired in 1975/76. A solution which would be acceptable to the Revenue would be to award standard additional increases ranging from 8% for those whose basic retirement salaries amounted to £8,500 or more to nil where the retirement salary was £5,000. He mentioned that the numbers likely to be affected by adopting this arrangement would be about 30 and that the cost would not be significant in terms of the overall calls on the Pension Fund.

The Committee were in favour of the proposals submitted to them and agreed that the paper should be referred to the Court of Directors.

The Governor mentioned the following matters to the Committee -

1. A team from the International Monetary Fund had arrived for the normal annual consultations and would visit the Bank on the following Thursday.
2. His speech at the Annual Dinner of the Federation of Civil Engineering Contractors. The Governor also mentioned his forthcoming engagement to speak at the Annual Conference of the Building Societies Association and referred to questions raised by the mobilisation of small savings by the societies for lending for house purchase and the tax treatment of their deposits.
3. The recent meetings held at the Bank for International Settlements.

h. h.
Secretary.

THURSDAY, THE 18TH MAY 1979

Present

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

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

F60.02

The Committee had before them a Report of the Staff Committee regarding the current year's pay settlement. Sir Hector Laing and Mr. Blunden attended. It was reported that while it remained the intention to introduce a new salary structure, based on the concepts recently agreed by the Court, as soon as possible, it was unlikely that this could be achieved before July 1979. Negotiation of the July 1978 pay settlement could therefore be conducted in isolation from discussion of the details of an entirely new structure although it was the intention that the settlement should so far as possible move in the direction of the concepts already accepted - and the purpose of the Report was to seek agreement to the general framework within which the Bank should negotiate.

Mr. Blunden explained that approval was being sought to a settlement which would result in the payment of the full 10% permitted under current pay policy. It would be the aim so far as possible to distribute the amount available in such a way as to improve differentials. This implied an improvement in salaries of the senior ranks represented by the Staff Organisation, and of those above the bargaining unit,

④

of more than 10%, thus slightly reducing the amount available to junior staff. It was also proposed to enhance the position of the Bank's E.D.P. staff in comparison with outside salaries, in order to counteract the continuing substantial losses of staff in computer areas; and, furthermore, to meet existing commitments to update some minor allowances and to correct certain anomalies.

The Committee expressed themselves as content with the proposals submitted and agreed that the Report should be referred to the Court of Directors.

The Deputy Governor spoke to the Committee about the following matters -

1. With reference to Minutes of the 30th March and earlier, the first meeting of the Council for the Securities Industry, which would be held on the following day.
2. The possibility of a change in the method for determining the Bank's Minimum Lending Rate. The hope was expressed that, if it were decided to abandon the present market-determined arrangement, non-Executive Directors would be kept in as close touch as was possible (without premature disclosure of precise intentions) with the development of the Governor's thinking on the monetary situation at any time.
3. The appearance of the first of a three-part series of articles regarding the pound which was being published by the Sunday Times.
4. With reference to a Minute of the previous week, the consultations which were taking place with the team from the International Monetary Fund.

H. G. ...
Secretary

THURSDAY, THE 25TH MAY 1978

Present

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

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

The Committee had before them a Report of the Staff Committee on the subject of an increase in pensions and allowances. Mr. Blunden attended and explained that, under the Rules of the Pension Fund, there was no alternative this year to increasing all pensions and allowances in payment by the equivalent of the rise in the Retail Price Index between May 1977 and May 1978, which was expected to be about 7½%. Such an increase would give rise to an addition to the current annual rate of pensions, etc., in payment of some £660,000, but it was not expected that this would require any additional contribution by the Bank to the Pension Fund. The Committee expressed themselves as content with the Report and agreed that it should be referred to the Court of Directors.

With reference to a Minute of the previous week, the Governor advised the Committee that the Chancellor of the Exchequer had approved a proposal by the Bank to discontinue the present system for determining Minimum Lending Rate. For the future, the level of Minimum Lending Rate would be determined by administrative decision and any change would normally be announced to the market at 12.30 p.m. on a Thursday. He said that it was intended that Minimum Lending Rate, which would remain at its current level of 9% until further notice, would continue to be adjusted flexibly, taking account of market developments.

CT 50
See 10.01

The Deputy Governor spoke about the operating profit of the Banking Department for the year ended the 28th February last and, with the aid of illustrative figures, discussed with the Committee the size of the final payment to be made to H.M.Treasury. He recalled the observation by the Select Committee on Nationalised Industries that it would be desirable for the Bank to build up reserves; there was, therefore, a case for making a smaller, rather than a larger, payment in lieu of dividend. The Committee concurred.

The Governor mentioned the following matters to the Committee -

- WKS
1. With reference to a Minute of the 11th May, his speech at the Annual Conference of the Building Societies' Association and reactions to it.
 - CT 227
2. With reference to Minutes of the previous week and earlier, the first meeting of the Council for the Securities Industry and a recent discussion with Mr. Ian Wrigglesworth, M.P., who would have preferred a statutory body to the self-regulatory approach which the new Council exemplified.
 - CT 81
CT 101
3. With reference to Minutes of the previous week and earlier, the conclusion of the consultations with the team from the International Monetary Fund and the likelihood of an announcement that day of the Government's agreement with the Fund on the terms for continuation of the standby facility.

H. G. G.
Secretary.

THURSDAY, THE 1ST JUNE 1978

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.

With reference to a Minute of the previous week, the Deputy Governor reported that initial, but inconclusive, discussions had taken place with H.M. Treasury on the size of the final payment to be made in lieu of dividend. He then spoke about the draft Accounts of the Bank for the year ended the 28th February last and drew attention to certain relevant matters including provisions for losses. In the latter connection, he showed the Committee a breakdown of provisions over the last five years. They were firmly of the opinion that, in view of the sensitivity of the figures and the scope for misunderstanding of them, the breakdown should not be revealed at any time and that, as heretofore, only the net requirements for provisions should be disclosed.

It was agreed that the draft Accounts should be submitted to the Court of Directors and should lie on the table for one week.

H. G. ...
Secretary.

THURSDAY, THE 8TH JUNE 1978

Present

A Full Committee

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

With reference to Minutes of the previous week and earlier regarding the Accounts of the Bank for the year ended the 28th February 1978, the Governor reported that the amount of the final payment to be made in lieu of dividend was still under discussion with H.M.Treasury. Until that matter had been resolved, it would clearly be premature to seek the Court's final approval of the Accounts. The Deputy Governor then drew attention to certain additional material which had been prepared on the Accounts, including a supplementary statement on inflation accounting.

of 50
22.10.01

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

It was agreed to recommend to the Court of Directors that, consequent upon the retirement early next year of [redacted], 1st Deputy Chief of Establishments, and [redacted], a Deputy Chief of Establishments, and with effect from dates to be determined by the Governors, the following appointments be made:-

76001

- [redacted])
- a Principal,)
- Establishment Department, and)
- Assistant Management Development) to be Deputy Chiefs of
- Manager, Scale Z) Establishments
- [redacted])
- [redacted])
- an Assistant Chief Cashier,)
- Scale I)
- [redacted])
- an Assistant Chief of) to be a Principal,
- Establishments, Scale I) Establishment Department,
-) and Assistant Management
-) Development Manager,
-) Scale Z.

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76002. With reference to a Minute of the 18th May, the Committee had before them a Report from the Bank Representatives on the Negotiating Council relating to the current year's pay settlement. Mr. Blunden attended and said that it was hoped to conclude formal negotiations with the Staff Organisation on the following Monday. He described the nature of the settlement, which was within the general framework already endorsed by the Court, and said that provision had been included to bring the Bank's E.D.P. scheme into line with market rates. The Committee considered that the proposals represented a very satisfactory solution to the issues at stake and agreed that the Report should be referred to the Court of Directors.

76001 The Committee also had a paper by the Deputy Governor on the subject of senior salaries which proposed, in conjunction with the 1978 pay settlement, applying to those salaries outside the bargaining unit approximately the same percentage increases in basic salaries as would be applied at the top of the unit. The Deputy Governor explained that such an enhancement could only be achieved within the pay guidelines by charging the additional cost over 10% against the amount available under Phase 3 to the bargaining unit. The maximum amount that it was felt could be diverted for this purpose was £30,000, and, with the aid of illustrative figures, he outlined the recommended manner of distribution. The Committee expressed themselves in favour of the proposed arrangements, which would take a modest step towards restoring proper differentials at senior levels, and agreed to commend them to the Court of Directors.

76006 The Deputy Governor also spoke to the Committee about the need for a form of special pension offer to avoid a prospective promotion blockage. He said that the problem was much less serious than that faced in 1971 and that the offer now envisaged would be both smaller and more selective. He outlined the suggested terms and mentioned that while an offer which had 50 acceptances would place a capital burden on the Pension Fund of about £1 million, such a cost could be outweighed by a saving in the salary bill over the next five to ten years. The Committee

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were content with the scheme outlined and agreed that it should be submitted to the Court of Directors. If they, in their turn, were in favour of the proposals, the terms of the offer would be referred to the Inland Revenue and the formal approval of the Committee of Treasury and the Court would be sought at a later stage.

W. G. ...
Secretary.

THURSDAY, THE 15TH JUNE 1978

Present

A Full Committee

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

The Quarterly Report of the Audit Committee was submitted. Lord Robens, as Chairman of that Committee, commented that certain difficulties had been experienced with one department. It was left that he would discuss the matter with the Deputy Governor and it was agreed that the Quarterly Report should be referred to the Court of Directors.

The Governor spoke to the Committee about the following matters -

1. The Annual General Meeting of the Bank for International Settlements and its annual report.
2. his speech at the Annual General Meeting of the Association of Foreign Banks in Switzerland.

The Deputy Governor acquainted the Committee of developments regarding the Bank's participation in the Premium Stalls Scheme at the Royal Opera House and explained that tickets for performances that were not required for official entertainment were available for purchase either by Governors and Directors or the staff, at a price considerably below that charged by the Box Office. In the current year, the gross cost of the subscription for the four stalls seats had amounted to some £15,000 and, after allowing for requirements for official purposes and the proceeds of

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BT 100
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BT 100
BT 57
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ticket sales to the staff, the estimated net cost to the Bank for the facility would be about £9,600. That compared with a figure of £2,000 for the first year of the Bank's participation in the Scheme. For the forthcoming season, the Royal Opera House had announced a 35% increase in the rate of subscription. Such a rise would point to a net outlay for the Bank in the region of £13,000 for the next twelve-month period and further increases in the subscription rate in subsequent years had to be regarded as likely.

In view of the ever increasing expense of this facility, it was evident that the question of whether it should be terminated now had to be faced. It was understood that there was a waiting list of prospective subscribers to the Premium Stalls Scheme and that it should normally be possible to purchase any seats required for official entertainment through the usual channels. As alternatives to the present arrangement, it was mentioned that it would be possible to subscribe to the Scheme at the Royal Opera House for fewer performances than at present. The London Coliseum also offered facilities for the opera season and the prices there would be much lower than those at the Royal Opera House.

A view was expressed that it would be timely to terminate the Bank's present subscription arrangement to the Premium Stalls Scheme. But it was agreed that the Committee should resume the discussion at a later date.

H. J. ...
Secretary

THURSDAY, THE 22ND JUNE 1978

Present

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

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

With reference to a Minute of the previous Meeting, the Committee again discussed the subject of the Bank's participation in the Premium Stalls Scheme at the Royal Opera House. Certain additional questions having been raised, it was decided to resume the discussion at a subsequent Meeting, when further information should be available.

A Minute of the Charitable Appeals Committee on the making of a donation in response to the Royal Opera House Development Appeal was submitted and referred to the Court of Directors.

The Governor spoke to the Committee about the following matters -

1. His recent meeting with the Chairmen of the Scottish Clearing Banks.
2. The publication the previous day of a new guide to potential sources of finance, prepared by the Bank and the City Communications Centre, and entitled "Money for Business".
3. The June edition of the Quarterly Bulletin and the Assessment contained therein. The Committee then discussed in general terms the prospects for the next round of wage increases and the consequences to be expected from a move to a shorter working week.

- N/S*
4. A Shell Seminar on Energy and Oil which would be held at the Bank that afternoon.
 5. The forthcoming Bank Note Printers' Conference.

off to Lee

W. G. ...
Secretary.

THURSDAY, THE 29TH JUNE 1978

Present

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

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

With reference to Minutes of the previous week and earlier regarding the Bank's subscription to the Premium Stalls Scheme at the Royal Opera House, the Deputy Governor gave the Committee further information covering in particular the way in which the Bank's participation was treated for tax purposes and the fact that, out of some 4,000 London-based Banking Staff, only about 150 were in the habit of applying for tickets. He said that it seemed unlikely that any other nationalised institution subscribed to the Scheme.

After some discussion, the Committee agreed that, in view of the considerable, and increasing, cost to the Bank and the very small proportion of the staff who availed themselves of the Scheme, the Bank's participation in it could no longer be justified.

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

1. Banking Staff wastage for the quarter ended May 1978.
2. Electronic Data Processing Staff.

Mr.Clay and Mr.Blunden attended. After speaking to the first Report, when he drew attention to the recent serious losses of computer staff, Mr.Clay outlined the case for seeking agreement

in principle to the establishment of a separate career staff for Electronic Data Processing work. Although the Bank's E.D.P. salary scheme had been reactivated this year, the scales of remuneration it provided were now markedly out of line with pay levels available outside the Bank for those engaged on computer work. Consequently, there was considerable unrest among the Bank's E.D.P. Staff. For the future, it was envisaged that three groups of personnel would undertake the Bank's computer work: specialists employed on a contract basis; E.D.P. Staff recruited as such, without a bridgeback arrangement to the Banking Staff; and Banking Staff of high potential who would be seconded for fixed periods.

In the course of discussion, the point was made that it might be preferable to establish a separate company to supply E.D.P. services to the Bank, although it was mentioned that, on management grounds, such a scheme could give rise to difficulties in the Accountant's Department. The Committee felt that the suggestion merited examination in the review of arrangements for the future, and agreed that the two Reports should be referred to the Court of Directors.

With reference to a Minute of the 8th June, the Committee also considered a paper by Mr. Blunden concerning a Selective Early Pension Offer, the terms of which had already been outlined to the Committee and the Court. The Committee noted that Inland Revenue agreement had now been obtained, and that the matter had been discussed with the Staff Organisation; and they agreed that the paper should be referred to the Court of Directors.

With reference to a Minute of the 8th June regarding the current year's pay settlement, the Deputy Governor spoke to the Committee about a letter received from H.M. Treasury on the subject.

With reference to Minutes of the 8th June and earlier about the Accounts of the Bank for the year ended the 28th February 1978, it was reported that agreement had still not been reached with H.M. Treasury on the amount of the final payment to be made in lieu of dividend.

Edgar Secretary

THURSDAY, THE 6TH JULY 1978

Present

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

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

With reference to Minutes of the 8th June and earlier on senior salaries, the Committee discussed a possible basis for increases in the remuneration payable to Executive Directors put to them by the Deputy Governor in a paper. This also set out comparative figures of senior staff salaries and pay levels in the public sector, including those recently recommended by the Review Body on Top Salaries.

In the course of discussion, the view was expressed that on any proper consideration of comparative responsibilities the suggested levels for Executive Directors' salaries were too modest, although it was recognised that there was a limit to the extent of increases that could be contemplated at the present time. The point was made that there were two separate aspects of the issue. In the first place, there was a need to make an early award within current pay constraints. Secondly, it would be desirable to go as far as was practicable in making a commitment with regard to a salary structure for the future, as the Government seemed likely to do in the context of the Review Body's report. However, it was noted that senior salaries in the Bank did

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not come within the purview of the Review Body: and it seemed desirable that this should continue to be so. It might, therefore, be inadvisable to match that Body's recommendations too closely.

It was left that consideration of the subject would be resumed at a subsequent Meeting.

H. G. J. .
Secretary.

THURSDAY, THE 13TH JULY 1978

Present

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

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

The Governor spoke to the Committee about the recent meeting of the heads of the Common Market governments in Bremen at which the creation of a zone of greater monetary stability in Europe had been discussed. He said that the technical aspects of the scheme under discussion were complex and would present many problems. The Governor commented that, while there was a need to adopt a cautious approach to the proposals, it would be essential to examine them constructively.

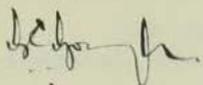
With reference to Minutes of the 29th June and earlier, the book proof of the Annual Report and Accounts of the Bank were submitted to the Committee. The Governor recalled that when the Committee had seen the draft Accounts, agreement had not been reached with H.M. Treasury on the amount of the final payment to be made in lieu of dividend, the Treasury having been disposed to argue for £7 million for the year against the Bank's proposal of £4 million.

The Governor spoke about the arguments which had been deployed in the course of the discussions with the Treasury and of the difficulty in arriving at what could be regarded by both sides as an appropriate figure. In particular, he mentioned the Bank's concern at the marked

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fall in their reserves in real terms in recent years, a matter to which the Select Committee on Nationalised Industries had seen fit to draw attention in their last report on the Bank.

PC 1001
The Committee then considered the options open to the Bank and, after discussion, they concluded that, in the circumstances, it would be preferable to make a payment of £5½ million for the year, a figure midway between the amounts originally proposed by the Bank and the Treasury, and, it was understood, one which would be acceptable to the Treasury.


Secretary.

THURSDAY, THE 20TH JULY 1978

Present

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

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

SC-10.0
With reference to Minutes of the previous week and earlier regarding the final payment to be made by the Bank in lieu of dividend, the Governor advised the Committee that a figure of £3½ million, making a total of £5½ million for the year ended the 28th February 1978, had been accepted by the Treasury. The Governor said that he had emphasised to the Treasury of the desire of the Court to see a strengthening of the Bank's reserves, which had been severely eroded in real terms in recent years.

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 Committee to Consider the Securities of Certain Funds.

T-10.01
With reference to Minutes of the 6th July and earlier on senior salaries, the Committee resumed their discussion on the question of the remuneration payable to Executive Directors.

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It was agreed that, for the purpose of determining the amount available for allocation under current pay policy, it would be reasonable to bring into the calculation the special remuneration and fees of the Governors and Executive Directors, including amounts waived, and also the remuneration payable to Advisers to the Governor, but to exclude the fees payable to part-time Directors. Consideration was then given to the way in which the total sum available might be distributed and, in the course of discussion, the following points were made -

1. In addition to making an early award within current pay constraints, it would be necessary to decide whether some commitment regarding a salary structure for the future should be made.
2. The possibility of awarding Executive Directors notional salaries, from which they might stand to benefit for pension purposes, merited investigation.
3. There were arguments for excluding the Governor from the prospective salary award. The Governor should be regarded as a special case and there was a need to determine an appropriate and explicit level of remuneration applicable to his position and also to that of the Deputy Governor. In a similar way, it would be desirable to establish salary benchmarks for the Executive Directors.

It was left that consideration of the subject would be continued at a subsequent Meeting at which further proposals would be submitted.

R. Howells
Asst Secretary

THURSDAY, THE 27TH JULY 1978

Present

A Full Committee

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

The Governor informed the Committee of the sad news of the death on the 24th July of Sir Maurice Parsons, K.C.M.G.: and it was agreed to recommend to the Court of Directors that, subject to the approval of the Inland Revenue, the provision for his widow, Lady Daphne Parsons, be based on that applicable under the new Court Pension Scheme, the introduction of which now only awaited the completion of formal documentation.

A report of the Staff Committee covering the Chief of Establishments' report on Manpower Review and Planning was submitted and referred to the Court of Directors.

With reference to the Minutes of the 29th June, the Committee had before them a report from Mr. Blunden on a proposal to establish a separate career staff for Electronic Data Processing work. Mr. Blunden attended and, after having recalled the circumstances which had led to the need to provide a separate structure for E.D.P. staff, he outlined the main provisions now proposed. On the suggestion that such staff might be employed by a separate subsidiary company, he said that whilst such an arrangement might have been possible for the Computer Services Division at Head Office it was judged to be impracticable for the Accountant's Department, a conclusion that had been accepted by the Accountant's Department Liaison Committee. Additionally, it would almost certainly have been impossible to obtain B.E.S.O.'s agreement to such a separation. After some discussion it was agreed that formal negotiations

might be opened with B.E.S.O. for the creation of a separate category of E.D.P. staff broadly on the lines set out in the report.

With reference to the Minutes of the 20th July and earlier on senior salaries, the Governor reported that he had informed the Executive Directors of the exploratory discussions that had been taking place in Committee in regard to their remuneration and that he had given them an indication of the problems involved. His inclination now was to defer further discussion of the matter until after the holiday period when there would be available for consideration by the Committee a full statement of all the relevant information. The alternative would be to award an immediate flat rate increase of 10% in remuneration backdated to the beginning of the month. After some discussion of the alternatives the Committee agreed that the matter be deferred for later consideration.

H. J. L.
Secretary.

THURSDAY, THE 24TH AUGUST 1973

Present

The Deputy Governor
Lord Nelson
Sir Maurice Laing

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

With reference to a Minute of the 3rd November 1977, the Deputy Governor recalled that it had become the practice to increase the pensions in payment to former Governors and Executive Directors in relation to the rise in the cost of living over a twelve-month period. This was in line with the arrangements made for enhancing pensions of former members of the staff, except that the base review dates for the respective awards differed. Accordingly, it was agreed to recommend to the Court of Directors that, with effect from the 1st July 1978, the pensions and ex gratia allowances in payment to former Members of the Court in respect of their exclusive services be increased by 7.4%, such percentage representing the rise in the Retail Price Index in the twelve months following the 1st July 1977, when pensions granted before that date were last increased. No part of these increases to be commutable.

At the instance of Lord Nelson, the Committee also considered the particular position of the Governor, whose pension arrangements for the greater part of his first five-year term were governed by the terms of the J. Henry Schroder Waggs & Company Limited Staff Assurance Scheme, for contributions to which the Bank assumed responsibility on the Governor's appointment. The annuity, now in payment, which the Governor had secured from that Scheme, and which accrued in part in respect of his service with Schroders and in part in respect of his service with the Bank, included no protection against

increases in the cost of living, whereas, by contrast, the Governor would have been so protected had he been a member of the Court Pension Scheme, to the extent that Court agreed to cost of living adjustments from time to time.

In the circumstances, whilst the Committee did not believe it would be right for the Bank to assume responsibility for applying cost of living increases to the whole of the annuity, they nevertheless considered that, in order to give the Governor's annuity protection against increases in the cost of living comparable to that attaching to other pensions arising from Court service, provision should be made for increases to be payable on a portion of the annuity which would reflect the length of his service on the Court.

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

- 17.70.01
- (i) such part of the annuity arising from the Schroder Scheme as is equal to the pension which the Governor would have secured had he been a member of the Court Pension Scheme during his first term of office (i.e., £6,118) be increased with effect from the 1st July 1978 by 5.2% (the increase in the Retail Price Index between the date when the annuity became payable in November 1977 and the end of June 1978), thus matching the increases now proposed for other recipients of pensions arising from service on the Court;
 - (ii) while the Governor continues in office, the part of the annuity to be increased in this way be progressively increased on the 1st July each year, starting in July 1979, by such amount that it continues to equal the pension to which the Governor would have been entitled had he been a member of the Court Pension Scheme; and
 - (iii) as from the 1st July 1979, and subsequently, any further increase awarded generally in respect of pensions or widows' allowances arising from service on the Court be applied to the part of the annuity eligible for increase, as determined under (ii) above.

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It was also mentioned that the Bank's professional advisers had suggested that the Inland Revenue might be prepared to agree to the award of a new pension for the Governor, based on one-sixtieth of total remuneration for each year of service following the maturity last November of the provision under the Schroder Scheme. An arrangement of this kind would rest on the argument that the Revenue would normally allow a new employer to provide pension benefits on that scale regardless of any provision for service elsewhere. It was agreed that the possibility should be explored with the Inland Revenue; and that, if it proved to be acceptable, a formal proposal should then be submitted to the Committee and the Court.

The Quarterly Report on Errors and Omissions was submitted. Arising therefrom, and from comments made by the Auditor on the value of these Reports in their present form, the Deputy Governor said that, in his opinion, the collation of mistakes involving the Bank in pecuniary loss in this way, which was complementary to findings reported by the Audit Division, was a worthwhile exercise. He added that he intended to revert to the subject at a later Meeting.

With reference to Minutes of the 29th June and earlier regarding the decision to terminate the Bank's subscription to the Premium Stalls Scheme at the Royal Opera House, the Deputy Governor informed the Committee that consideration had subsequently been given to an alternative form of arrangement which would provide an element of staff benefit but at a lower cost to the Bank. It was therefore proposed that, having made allowance for the Bank's current annual rate of contribution to the Royal Opera House Development Appeal, a total sum of £6,000 should be used to buy four seats at all performances at Covent Garden except those on Saturdays and gala occasions. As previously, requirements for official entertainment would be accorded first priority, the balance of seats being offered to the Governors, Executive Directors, Heads of Departments, Advisers to the Governor and Chief Advisers at half price. Any seats not thus taken up would then be made available to the staff, again at half price. However, only two seats for any

performance would be made available to any one buyer at the special price, additional seats for personal guests being charged at full price.

It would be the intention to continue to purchase seats at the Royal Opera House in the course of the season until the aforementioned sum of £6,000 (plus recoveries from the resale of tickets) had been fully expended. The Committee were in favour of the adoption of an arrangement on these lines which, it was noted, would limit the combined cost of the provision of such a facility and of the Bank's support for the Development Appeal to a level lower than the cost of the staff benefits under the Premium Stalls Scheme in 1976/77.

With reference to Minutes of the 10th November 1977 and earlier, regarding the new Court Pension Scheme, the Deputy Governor said that arrangements for its introduction were nearing completion. There was now a need to draw up the Trust Deed and appoint Trustees and an Administrator. He said that Sir Maurice Laing and Sir Adrian Cadbury had indicated that they would be prepared to serve as Trustees, in addition to the Deputy Governor; and he proposed that the Assistant Secretary should be appointed as Administrator of the Fund. The Committee approved these nominations.

The Deputy Governor then spoke about the funding of the Scheme and also the question of the management of the Fund. With regard to the latter point, he suggested that it would be sensible to place the Fund in the hands of those in the Cashier's Department who currently managed the staff Pension Fund. The Committee concurred.

The Deputy Governor spoke to the Committee about the Bank's financial support for the British Standards Institution, which from 1972 had been at the level of £100 per annum, and the recent request of the Institution for an annual subscription based on total salaries paid by the Bank which would currently amount to £900, plus V.A.T.. He said that the use made by the Bank of the Institution's facilities did not justify the payment of such a substantial amount and the Committee agreed that the Bank should cease to be a subscriber, though, if pressed, it might continue to contribute £100 to the Institution by way of a donation.

Mr. Blunden attended and spoke about the Staff Organisation's reactions to recent developments. He said that, as a means of exerting pressure for a productivity agreement and for an adjustment of the London Allowance, the Union were considering measures of non-co-operation and also the adoption of disruptive action against Government work.

G8/91
H. Blunden.
Secretary.

THURSDAY, THE 21ST SEPTEMBER 1978

Present

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

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

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

With reference to Minutes of the 20th October 1977 and earlier, the Committee again considered the question of the Bank's charitable giving policy.

It was recalled that the last Report submitted by the Charitable Appeals Committee on the subject had suggested a sharp cut in strictly charitable giving, an unchanged level of beneficial donations, and a marked increase in financial support for economic research, to give a broadly unchanged level of total expenditure under these categories. The Governor said that he had recently held a meeting with the Deputy Governor and three Executive Directors to discuss the matter of the Bank's beneficial donations. He commented that the present range and extent of such donations could probably be justified, although the list should be critically examined and some items might perhaps more properly be recategorised. The fundamental issue was whether a cut should be made in the level of the Bank's strictly charitable giving. The question

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M. Laing

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of support for economic research was a quite separate matter and should not be approached on the basis of an alternative use for funds hitherto devoted to true charitable giving.

Sir Maurice Laing, the Chairman of the Charitable Appeals Committee, explained that that Committee had examined the extent of charitable giving in the private sector over a period and also the practice of the Nationalised Industries which, in fact, made few donations. He felt that a level of giving by the Bank for strictly charitable purposes in the £50,000/£75,000 bracket could be justified. It was mentioned that although the Bank were subject to ever increasing scrutiny, including examination by the Select Committee on Nationalised Industries, they had traditionally behaved as a bank and, because of the nature of their business, had maintained a general relationship with the public. It followed that giving to charity on a modest and careful scale, and thereby sharing in the responsibilities of the community, ought not to be called into question.

The Committee then considered in general terms the category of beneficial donations - now the responsibility of departments and not the Charitable Appeals Committee - and felt that, by way of clarification, this type of giving should be defined as that from which the Bank, as an organisation, should stand to obtain benefit. The Committee noted that the Bank Clerks' Orphans' Fund was at present classified as "beneficial"; since its aim was truly charitable, it was agreed that it should be reclassified and again come under the purview of the Charitable Appeals Committee.

The Committee reaffirmed their view that strictly charitable giving by the Bank, on the scale indicated, was defensible, the point being made that the Bank's behaviour should reflect the obligations incumbent on institutions in the community. They expressed themselves in favour of

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the concept that first priority should be accorded to City-based appeals, followed by national causes of a purely philanthropic nature, especially those from which the members of the staff might stand to benefit, or in which there was a material staff involvement. Giving at the Branches should continue, though it was at present perhaps spread too widely. In line with current practice, it would not be expected that the Bank would take a lead in response to any particular appeal.

Finally, it was agreed that a short paper should be prepared on the subject of charitable giving by the Bank; this would subsequently be submitted to the Court for their approval.

*757
The file*

The Governor acquainted the Committee of an approach which had been received regarding the Harry G. Johnson Memorial Fund. He said that it was proposed to establish a charitable educational trust in memory of Harry Johnson, the eminent economic analyst and teacher who died in 1977, and that a £100,000 appeal had been launched with the primary objective of sponsoring an annual lecture on some aspect of international economic policy. It was considered that the appeal, which included Sir Adrian Cadbury and Mr. Dow among its sponsors, merited a generous response by the Bank and the Committee agreed that a single donation of £2,500 should be made.

H. G. Johnson
Secretary

THURSDAY, THE 5TH OCTOBER 1978

Present

The Governor
The Deputy Governor
Lord Nelson
Sir Maurice Laing
Sir Adrian Cadbury

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

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

The Governor acquainted the Committee of a request for advice from Lady Norman, widow of Governor Norman, regarding a venue for a party to celebrate her 80th birthday. She had suggested that the Goldsmiths' Hall might be suitable but it had been ascertained that while that Company would charge for the use of their Hall, the Grocers' Company would be prepared to make their Hall available for the occasion free of charge, though the number attending would be restricted to 250, against the 300 that Lady Norman had in mind. The Governor sought the Committee's views on the possibility, in this particular case, of offering the use of the Court Room. After discussion, the Committee inclined to the view that it would be preferable for the reception to be held at a venue other than the Bank.

With reference to Minutes of the 27th July and earlier on senior salaries, the Committee resumed their discussion on the question of the remuneration payable to Executive Directors.

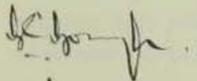
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The Governor began by outlining views which had been expressed by the Executive Directors on the matter and, by way of comparison with Executive Directors' salaries, quoted percentage increases in remuneration received over recent years by heads of departments in the Bank and also by senior civil servants.

T70.01
The Committee then discussed the options now open to the Bank in the light of pay policy and agreed that, while there was a growing need to re-shape the salary structure for Executive Directors, in the present situation there was little that could be done except to determine the manner in which the total sum available for allocation might be distributed. In the course of discussion on that aspect, reference was made to the positions of the Governors and of those who were already in receipt of pensions from the Bank.

It was left that consideration of the subject would be resumed at the next Meeting.

T70
T701
T70.05
The Governor mentioned that an Executive Director had been nominated to serve on a proposed new international group of experts, (funded by a Foundation) to be formed under the chairmanship of Mr. Witteveen, formerly Managing Director of the International Monetary Fund. The role would attract a fee payable in U.S. dollars and the Governor invited the Committee to consider whether it would be appropriate for the Executive Director to retain the sum in question.


Secretary.

THURSDAY, THE 12TH OCTOBER 1978

Present

A Full Committee

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

A Report of the Debden Committee covering the General Manager's half-yearly review of the operation of the Printing Works was submitted and referred to the Court of Directors.

With reference to Minutes of the previous week and earlier regarding senior salaries, the Committee resumed their deliberations on the question of an increase in the remuneration payable to Executive Directors.

70.01

The non-executive Members of the Committee, together with Sir Henry Benson, had met earlier to discuss the matter and Lord Nelson reported that they had considered not only the short-term but also the longer term aspects of the problem, which they had viewed with some concern. He emphasised that, in their opinion, there was a need to reshape the salary structure for Executive Directors in a flexible manner as soon as circumstances would permit. As regards the present situation, he said that they had examined certain figures prepared by the Deputy Governor which set out a variety of ways in which the total sum available for distribution in the prospective salary award might be distributed; of these their choice would be that which awarded the Executive Directors a 15% increase with in addition, in the case of one Executive Director, a further enhancement to take account of increased responsibilities.

CS

This enhancement would be a separate matter under pay policy. He commented that the Members also wished to place on record their concern with the position of the Governor and Deputy Governor, whose levels of remuneration ought to be adjusted in line with appropriate market analogues. Lord Nelson also referred to the special position of those Members of the Court who had been appointed from the staff and who were in receipt of a current pension from the Bank, in addition to a salary payable as a Director. He said that this situation gave rise to anxiety in the minds of the Members of the Committee who felt that it could easily give rise to misunderstanding and if questioned in public would not be easy to defend effectively.

CT 70.01
The Committee expressed themselves content with the suggested allocation of the total sum available for the salary award and noted that the Governor would take an opportunity of acquainting the Chancellor of what was intended. They then discussed the question of the cases where both a pension and a salary were payable at the same time to Members of the Court. It was recalled that in a number of such cases those concerned had suffered a cut in salary on appointment to the Court. Although the practice of paying a pension before the normal retirement age in these circumstances was unusual and could give rise to presentational problems, it would not be easy to find a fully equitable alternative solution to the question. Nevertheless, the matter merited examination and it was left that a review should be made and the matter be brought back to the Committee in due course.

CT 70
With reference to a Minute of the previous week, the Governor outlined the plans for the establishment and operation of a proposed new international group of experts on which an Executive Director had been nominated to serve.

5

He recalled that membership of the group would attract an honorarium payable in U.S. dollars. The Committee considered that, in view of all the circumstances of the particular case, the Executive Director in question should be permitted to retain the honorarium. No doubt his expenses would be paid by the foundation concerned. In order to put the proposal on to a formal basis, it was further agreed that a Minute on the subject should be submitted to the Court of Directors.

H. J. ...
Secretary

THURSDAY, THE 19TH OCTOBER 1978

Present

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.

CT 70
CT 70.05

With reference to Minutes of the previous week and earlier, and also with reference to an Order of Court of the 31st May 1973, it was agreed to recommend to the Court of Directors that they endorse the Committee's view that any honorarium payable to Mr. C.W. McMahon arising out of his membership of the proposed Rockefeller Consultative Group on International Economic and Monetary Affairs forms no part of the remuneration paid to him by the Bank.

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

A Report from Sir Adrian Cadbury and Mr. Blunden on their visit to the Birmingham Branch was also submitted.

CT 104
CT 81
CT 228

The Deputy Governor reported that the Governor had attended the recent E.E.C. Finance Ministers' Meeting in Luxembourg; and the Committee then discussed in general terms the question of participation by the United Kingdom in the proposed new European Monetary System.

The Deputy Governor spoke to the Committee on the following matters -

1. The recent report of the Central Arbitration Committee on the Staff Organisation's claim under Schedule 11
- 13

CT 60.02.
of the Employment Protection Act for comparability of treatment in certain respects with staff in the clearing banks. The Staff Organisation had now decided to appeal against the award to the High Court on a point of law.

- Sec. 16.
2. An apparent leak of information prior to the publication of the Overseas Trade Figures for September on the previous Friday. He said that an official inquiry into the matter was being conducted.

[Handwritten signature]
Secretary.

THURSDAY, THE 26TH OCTOBER 1978

Present

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

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

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

1. A Minute of the Charitable Appeals Committee on the making of a donation.
2. A Report of the Staff Committee on Educational Loan borrowing limits.

With reference to Minutes of the 12th October and earlier regarding senior salaries and the manner in which the total sum available for distribution in the prospective award might be allocated among Members of the Court rendering exclusive service, the Governor reported that the Chancellor was agreeable to the course of action proposed. The Governor said that, on reflection, he thought it might be desirable to make some additional provision for Sir Henry Benson; it was mentioned, however, that Sir Henry Benson had informed the non-executive Members of the Committee that he did not wish to be included in the proposed award. Accordingly, the Committee decided not to pursue the suggestion. It was then left that before recommendations were formally submitted to the Court on the following Thursday, the Governor would take an opportunity of acquainting the Executive Directors of the nature of the proposals.

57-227
The Deputy Governor spoke to the Committee about insider dealing and plans to bring forward legislation in order to make it a criminal offence. He said that the Council for the Securities Industry had invited their representative bodies to give urgent consideration to the draft clauses on the subject which were contained in a recent White Paper.

57-20-04
The Governor advised the Committee that Sir David Steel had received an invitation to join the Board of the London Graduate School of Business Studies and said that there could clearly be no objection to a Member of the Court becoming associated with such an institution.

46
The Governor commented on the Chancellor's speech at the recent annual Mansion House dinner, and the Committee then discussed in general terms certain aspects of the domestic economy.

H. C. Jones
Secretary

THURSDAY, THE 2ND NOVEMBER 1978

Present

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

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

With reference to Minutes of the previous week and earlier, at the instance of Lord Nelson, the Committee agreed to recommend to the Court of Directors that the Special Remuneration of the undermentioned Members of the Court rendering exclusive service be revised as follows with effect from the 1st July 1978 -

The Governor	+ £1,731	to	£36,439
The Deputy Governor	+ £1,307	to	£27,515
Mr.Fforde)			
Mr.McMahon)	+ [REDACTED]	to	[REDACTED]
Mr.Dow	+ £3,556	to	£26,764

It was further recommended that Mr.Blunden's Special Remuneration be increased by £500 to take account of additional responsibility and then be revised as follows, also with effect from the 1st July 1978 -

+ £3,444 to £25,902

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.

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File 112

The Quarterly Report on Errors and Omissions was submitted. With regard to a Minute of the 24th August, the Deputy Governor referred to comments made by the Auditor on the value of these Reports in their present form. The Committee were of the opinion that the submission of these periodic returns, which collated mistakes involving the Bank in pecuniary loss, should continue, and it was left that further consideration of the subject should be deferred until a later Meeting when the Chairman of the Audit Committee was present.

The Governor spoke to the Committee on the following matters -

- CT 1022*
- CT 1023*
1. The recent meeting of the E.E.C. Committee of Governors in Brussels. With reference to Minutes of the 19th October, the Committee then again discussed in general terms matters relating to participation by the United Kingdom in the proposed new European Monetary System.
 2. The measures in support of the U.S. dollar, details of which had been announced the previous day.
- CT 81*

H. G. ...
Secretary

THURSDAY, THE 23RD NOVEMBER 1978

Present

A Full Committee

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 Committee on Permanent Control of Expenditure.
2. A Report of the Staff Committee covering the Chief of Establishments' review of the Premises Division.

With reference to Minutes of the 2nd March and earlier, a Report of the Trustees of the Court Pension Scheme on the structure and administration of the new Scheme and the proposed provision for its funding was also submitted. The Deputy Governor outlined to the Committee the proposed areas of responsibility for the exercise of decisions regarding the Scheme, including the proposed delegation to the Governors of certain powers. In commenting on the recommendations for its funding, he pointed out that, when account had been taken of the appropriate tax allowances which the Scheme would attract in consequence of full Inland Revenue approval, the sum eventually available would be more than sufficient to meet the funding of the pensions of former Members of the Court and the past service of current Members. It was therefore recommended that any balance remaining should be retained as a reserve to meet any deficiencies in the Scheme which might be revealed at future valuations.

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The Committee expressed themselves in favour of the proposed arrangements and agreed that the Trustees' Report should be referred to the Court of Directors.

The Governor spoke to the Committee about the possibility of the introduction of a loan guarantee scheme for companies with commercial prospects but where there was either a deficiency of collateral or a degree of risk rather greater than the lender was prepared to carry, and explained that the concept stemmed from a report submitted to the Chancellor of the Exchequer by the "Roll Committee". It was now proposed to initiate discussions with the clearing banks on the subject and a question for consideration was whether the Bank should offer to participate in such a facility. After discussion, in which it was mentioned that an offer of financial support by the Bank could have a bearing on the success of the flotation of the proposed scheme, the Committee concluded that it was not an issue on which they were inclined to take a definite stand one way or the other.

With regard to Minutes of the previous Meeting and earlier, the Deputy Governor reverted to the question of the value of the Quarterly Reports on Errors and Omissions in their present form, following comments put forward by the Auditor on the subject.

The Deputy Governor began by tracing the manner in which the Bank had dealt with losses over the years and the methods of reporting such items. He said that while no-one would suggest that efficiency could be judged in terms of pecuniary losses alone, the incidence of these lapses did have a special significance for the Bank. There was therefore a case for continuing to require periodic returns that collated such mistakes; furthermore, the fact that these Reports were known to be examined at the top level in the Bank could well have a salutary effect.

In the course of discussion, reference was made to the findings reported by the Audit Division, which were of a complementary nature and of value in themselves. It was suggested that the timing of the quarterly returns of Errors and Omissions might, in future, be arranged to coincide with the Audit Division's

Reports. However, the Committee concluded that the existing arrangements were satisfactory as they stood and it was left that the only change called for was a revision of the way in which details of losses were currently presented.

0781
07208
The Governor also commented on the recent meeting of the E.E.C. Council of Finance Ministers in Brussels and spoke about developments in the negotiations regarding participation in the proposed new European Monetary System.

H. G. ...
Secretary.

THURSDAY, THE 30TH NOVEMBER 1978

Present

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

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

The Committee had before them a Report of the Staff Committee on the Housing Loan Scheme, which contained proposals for the revision of the Scheme in the light of the recent comments of the Select Committee on Nationalised Industries, and also a paper by Mr. Blunden regarding an increase in borrowing limits under the terms of the Scheme. Mr. Clay and Mr. Blunden attended.

6007
The Report had previously been considered by the Meeting of Directors on the 16th November but referred back to the Staff Committee so that they might take account of points made in the course of discussion. Mr. Clay spoke about the proposals to raise interest rates gradually to 5% (the rate currently charged by the clearing banks for post-1976 entrants in their schemes) for the future borrowings of existing staff and to require future new entrants to the Bank to finance the major part of their house purchases through one or more selected building societies, with the interest rate being subsidised by the Bank down to 5%, thus reducing the Bank's capital commitment on housing loans. He said that in view of the current pressure of pay restraint on the staff, and the difficulty

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of making adjustments to remuneration to compensate for any diminution in fringe benefits, the Staff Committee did not feel that it was an appropriate time to reduce in any significant way the value of the housing loan benefit for existing staff. Mr. Blunden then introduced his paper which, based on the latest house price indicators, sought authority to offer an 18% increase in borrowing limits but to concede 20% in discussion if that seemed to be appropriate.

After discussion of the issues involved, the Committee considered that, in the light of the restraints imposed by pay policy and bearing in mind the comments made by the Select Committee, the proposals represented a reasonable response to the situation and they agreed that the Staff Committee's Report and the paper on borrowing limits should be referred to the Court of Directors.

The Governor spoke to the Committee on the following subjects -

1. The presentation of the Bank's oral evidence to the Wilson Committee in the following week. The Committee then discussed in general terms the question of investment by pension funds in property.
2. With reference to Minutes of the previous week and earlier, matters relating to participation by the United Kingdom in the proposed new European Monetary System.

H. Blunden
Secretary.

THURSDAY, THE 14TH DECEMBER 1978

Present

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

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

CT. 60
CT 61

With reference to a Minute of the 24th August, Mr. Blunden attended and spoke about developments following the Union's decision to instruct their members to cease co-operation with the Bank in all measures designed to improve efficiency or to increase productivity. He began by commenting on two notices which the Staff Organisation were issuing to their members and on publicity in the media, which the Union was actively seeking. He then stressed the need to avoid misunderstandings in the case of any incidents that arose and said that he had himself offered to discuss any particular problems that might occur in Departments. He observed that it was evident that there was need for a changed form of union structure in the Bank, incorporating separate representation for the management level. He added that, unless there was some serious confrontation in the meantime, a change in the general situation would be unlikely until after the Union's elections, which were due to be held in January. Finally, he mentioned that it probably had to be recognised that, on pay grounds, the appropriate analogue for the Bank must in future be the public sector. The Staff Committee would be considering this aspect shortly and might put forward a recommendation on the subject.

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In the course of discussion, in which the Committee were disinclined to adopt a view on the most suitable analogue for the Bank before examining the matter closely, it was stressed that as the present situation was so delicately balanced, there was a need, while maintaining a firm stance, to take all possible steps to avoid provoking a clash and to give encouragement to those members of the Union who were adopting a moderate attitude. It was also mentioned that frequent communication with management could be an important factor in allaying uncertainties in the minds of those who had not previously experienced a situation of this kind.

CT 69.04

The Deputy Governor spoke to the Committee about the need to find a suitable site for a new computer system for the Accountant's Department. He said that while it would be technically feasible to install the new equipment in the existing site in the present building, such a course could give rise to a high degree of operational risk which would make it an unattractive choice. Other potential sites had been inspected and of these the most suitable was some accommodation shortly to be vacated at No.16, Finsbury Circus. The capital costs of installing the new computers at Finsbury Circus might be up to some 50% greater than at New Change, but it should be possible to release and let space at New Change at a rent which would, at the least, offset that which would be payable at Finsbury Circus. An outstanding advantage of such a move would be the transfer of the Accountant's Department computer installation away from New Change, a step which, in due course, should facilitate the prospective relocation of the Department itself.

The Committee expressed themselves as content, in principle, with the proposal to adapt certain accommodation at No.16, Finsbury Circus as a centre for the Accountant's Department new installation and agreed that it should be referred to the Court of Directors.

CT 67.07

With reference to a Minute of the 9th April 1975 regarding the Bank of England Sailing Club, the Deputy Governor said that maintenance costs of the boat bought second hand in that year were now likely to grow progressively. The Club

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had made a case for acquiring a new boat of similar type: such a replacement might cost about £30,000 and the Club would require a further advance of, say, £15,000, which they had suggested might be on the basis of a fixed-interest loan at 3%. For their part, the Club would hope to generate £1,000 per annum towards service and repayment of the borrowings. The Deputy Governor suggested that, if the expenditure was thought to be acceptable, a combination of an interest-free advance and more rapid repayment might be preferable.

The view was expressed that if it were decided to proceed with the idea of a replacement boat, the price indicated and the suggested financing arrangements seemed reasonable. The question of the number of staff who availed themselves of the facility was then raised and it was left that further consideration of the subject should be deferred until a subsequent Meeting.

The Governor informed the Committee that the President of the Council of Foreign Bondholders had asked that the City's subsidy be continued next year at £15,000. It was proposed to seek support on the same basis as last year, with the Bank contributing the sum of £7,650. The Governor commented that it was the Bank's intention, however, to undertake a major review of the Council's work and its financial position.

CT. 168
[Handwritten signature]
Secretary.

THURSDAY, THE 4TH JANUARY 1979

Present

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

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

With reference to a Minute of the 30th November 1978 concerning the presentation of the Bank's oral evidence to the Wilson Committee, the Governor said that one of the issues raised had been the rôle of the Bank's non-executive Directors. The Deputy Governor had prepared a paper on the subject, and its relation to the Bank Rate Tribunal, which had been discussed by those Directors who had attended the recent working dinner. The Committee had before them a redraft, which reflected the comments then made, and the Deputy Governor explained the main points of the new version.

After consideration of the paper, in the course of which some minor alterations were suggested, it was agreed that it should be amended in the light of the discussion and be submitted to the Committee and the Court the following week.

The Governor spoke to the Committee on the following matters -

1. With reference to Minutes of the 30th November 1978 and earlier, the failure of the European Monetary System to start on the planned date.
2. A series of meetings that he was holding in the course of the week with the Institutional Shareholders' Committee, the British Insurance Association and the National Association of Pension Funds.

H. Gough
Secretary

THURSDAY, THE 11TH JANUARY 1979

Present

The Governor
The Deputy Governor
Lord Nelson
Sir Adrian Cadbury

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

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16. 2. 79

The Governor informed the Committee that the Institute of Bankers were seeking a venue for a reception to be held in March in connection with their centenary and that the Bank had been asked whether the Court Room could be used for the occasion. The Governor said that he was inclined to agree to this request: the Committee concurred.

100.02

The Committee had before them a Report of the Staff Committee on the subject of pay. This contained the proposal that the Bank should establish and maintain a well ordered external pay review and went on to suggest that an approach should be made to the Civil Service Pay Research Unit for the purpose. After a brief discussion, in which the Committee expressed certain reservations about adopting the course proposed at the present time, it was agreed that the Report should be referred for consideration by the Court of Directors.

The Governor spoke to the Committee about the following matters -

- 22*
1. An invitation to become a trustee of the Pilgrim Trust which he was inclined to accept in a personal capacity.
 2. A review of the structure of the Bank at the top level which was being undertaken by Lord Croham.
- 100.07*

H. Croham
Secretary.

THURSDAY, THE 18TH JANUARY 1979

Present

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

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

With reference to a Minute of the previous week, the Governor spoke about the factors which had prompted him to ask Lord Croham to undertake a review of the structure of the Bank at the top level.

With regard to a Minute of the previous week concerning a Report of the Staff Committee on the subject of pay, the Committee considered the issues underlying the proposal that, in order to establish an external pay review, an approach should be made to the Civil Service Pay Research Unit. In the course of discussion, in which the rôle of the Pay Research Unit was outlined, the point was made that the Bank could alternatively elect to instruct an entirely independent body to undertake a comparability study. Reference was also made to the Prime Minister's recent announcement about comparability with private industry for many who worked in the public sector. It was left that the matter would be more fully discussed by the Court that day.

With reference to Minutes of the 4th January and earlier regarding the Bank's evidence to the Wilson Committee, the Committee had before them an amended version of a paper on the subject of the rôle of the Bank's non-executive Directors. Certain minor drafting alterations were suggested and it was agreed that the note should be amended in the light of points made.

6707

With reference to a Minute of the 14th December 1978, it was recalled that the Bank of England Sailing Club had presented a case for acquiring a more modern boat and that the Committee had briefly discussed possible financing arrangements. The Deputy Governor reported that in the last year 58 Bank staff and 13 family members had made use of the Club's present boat. As there was insufficient time to pursue the matter, it was deferred for consideration at a subsequent Meeting.

H. J. G. H.
Secretary.

THURSDAY, THE 25TH JANUARY 1979

Present

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

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

It was agreed to recommend to the Court of Directors that, consequent upon the retirement at the beginning of May of E.B.Bennett, the Chief of Exchange Control, the following appointments be made with effect from the 2nd May 1979:-

D.A.DAWKINS (51) to be Chief of Exchange Control
1st Deputy Chief of
Exchange Control

G.K.WILLETTS (47) to be 1st Deputy Chief of
an Adviser (Grade I), Exchange Control at a basic
Cashier's Department salary of £18,077

N.J.ROBSON (54) to be a Deputy Chief of
an Assistant Chief of Exchange Control
Exchange Control,
Scale I

A Minute on an appointment recommended by the Governors was submitted and referred to the Court of Directors. It was noted that this appointment superseded one approved by the Court of the 8th June 1978 and that a further recommendation regarding the member of staff earlier appointed, arising from a prospective vacancy in the Administration Department, would be submitted in due course.

A Report of the Staff Committee covering the Chief of Establishments' review of General Staff Administration and Training was also submitted and referred to the Court of Directors.

G

With reference to Minutes of the 15th December 1977 and earlier about the need to replace the computer system in the Accountant's Department, the Deputy Governor reported that it had now emerged that by the use of a new device it was possible to move to the more advanced ICL 2900 computer series in a more economical manner. In consequence, to instal the new system would now cost a total of £3.94 million, as opposed to a figure of £5.3 million under the scheme envisaged previously. Though, as a consequence, the greater part of the discount negotiated at an earlier stage on software charges would be foregone, the new arrangements would show a satisfactory net saving. A payment would also be made to provide for a new disaster standby cover.

With reference to Minutes of the previous week and earlier regarding the establishment of an independent comparability study for pay purposes, Mr. Blunden attended and spoke about the draft of a proposal to be made to the union. The Committee discussed the issues involved and considered the presentation and drafting of the paper itself, the point being made that the comparability exercise should be confined to the lower end of the staffing structure. The question was also raised of the stage at which H.M. Treasury, as the Bank's sponsoring department on pay matters, should be approached on the subject. It was left that the draft proposal, and its related problems, would be more fully discussed by the Court that day.

H. Blunden
Secretary.

THURSDAY, THE 1ST FEBRUARY 1979

Present

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

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

It was agreed to recommend to the Court of Directors that, in exercise of the powers conferred on the Bank by Section 1(5) of the Currency and Bank Notes Act, 1954, notice be given of the calling in, on the 31st May, 1979, of all notes of the denominations of £1 and £10 which formed part of the series first in issue at the Bank on the 17th March 1960 and on the 21st February 1964, respectively.

In connection with the Annual Review of Staff, the following were submitted and referred to the Court of Directors -

1. A Minute on appointments and a Minute on gratuities to members of the Printing Works Staff, recommended by the Governors.
2. A Report of the Staff Committee recommending certain gratuities.

With reference to Minutes of the previous week and earlier regarding the question of the establishment of an independent comparability study, the Committee had before them a revised draft of the proposal to be made to the union and also a copy of a letter which the Governor had written to the Chancellor of the Exchequer on the subject. Mr. Blunden attended.

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It was mentioned that a reply to the Governor's letter had not yet been received: the Committee considered the possible reactions to it and the view was expressed that, having notified the Chancellor of the proposed course of action, the Bank should now proceed to reach agreement with the union on the issue of the study. The Committee also discussed the implications of a forthcoming meeting which H.M.Treasury had agreed to hold with representatives of the union. Mr.Blunden said that although the risk of immediate escalation of non-co-operation by the union seemed to have receded, the introduction of certain processes and systems in different parts of the Bank was nevertheless being delayed and the building programmes at Southampton and Glasgow were likely to be seriously retarded with a consequent rise in cost. He also spoke about the Bank's cash limit for 1979/80, which had recently been agreed with H.M.Treasury and had been based on a pay settlement of 5%. It was left that the subject would be more fully discussed by the Court that day.

The Governor spoke to the Committee about his meeting the previous day with the Chairmen of the London Clearing Banks.

H. Gough
Secretary.

THURSDAY, THE 15TH FEBRUARY 1979

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.

It was agreed to recommend to the Court of Directors -

- ST 7001
- I. That, pursuant to Clause 12 of the Charter of the 1st March 1946 and with effect from the 1st March 1979, the remuneration payable to the following Member of the Court in respect of his exclusive services be at the undermentioned rate -

MR. J. C. R. DOW

£27,514 a year

- II. That, in connection with the Annual Review of the Staff and with effect from the 1st March 1979, the undermentioned be granted Personal Pensionable Salary -

ST 6601

C. A. E. GOODHART,
a Chief Adviser,
Economic Intelligence
Department

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

1. From the Audit Committee -

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

The Annual Review of the work of the Committee.

CG

2. From the Committee to consider the Securities of Certain Funds -

CT 73.
The Quarterly Report which contained recommendations that the investment target proportions of the Pension Fund be amended and that a degree of flexibility with regard to the various targets be introduced.

60.02
With reference to Minutes of the previous Meeting and earlier regarding the question of the establishment of a comparability study, the Governor informed the Committee that a revised form of reply on the subject had been sent to the Chancellor of the Exchequer and that a paper proposing the joint sponsorship of an independent assessment of relevant current starting remuneration in analogous private sector organisations had been given to the union.

75.07.
The Deputy Governor raised the matter of Bank House, Manchester, and said that professional advice had been sought on the possibility of disposing of the Bank's interest in the property. He outlined various factors which merited consideration in such an assessment, including certain management problems in connection with the building itself, and mentioned that, on the basis of the last rent review, the Bank's interest in the property had appreciated materially and was currently valued at almost £1.7 million. He said that while the Bank might wish to dispose of their interest at some stage, he saw no compelling reason to do so at the present time. Having analysed a number of assumptions, it seemed reasonable to conclude that, unless low rates of inflation were expected, it would be preferable to retain the property and take advantage of the modest inflation-proofing of income which that course would hopefully provide. The Committee concurred.

412
The Governor spoke to the Committee about the recent monthly meetings held at the Bank for International Settlements, and also about the address which he had given at the Financial Times World Business Conference in Frankfurt and his speech at the annual dinner of the Birmingham Centre of the Institute of Bankers. The Committee then discussed in general terms the agreement which had been reached between the Government and the Trades Union Congress and announced the previous day.

H. Gough.
Secretary.

THURSDAY, THE 22ND FEBRUARY 1979

Present

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 Quarterly Report on Errors and Omissions was submitted.

The Deputy Governor spoke to the Committee about an actuarial valuation of the Pension Fund, as at the 28th February 1978, which had been based on a variety of alternative sets of financial assumptions. These had included one (Basis 1) which had been used in the 1975 valuation; it had then thrown up a surplus of £6.7 million which had been retained as a reserve against contingencies.

He said that some small changes in actuarial assumptions were now seen to be desirable. After allowing for these, but using the same long term financial assumptions as in 1975, and taking into account the short-term assumption for the period 1978-81, the 1978 valuation produced a surplus of £20.9 million. On the basis of the other long-term assumptions, a series of increasing deficits would result. If it were decided to adhere to the Basis 1 assumptions, the surplus could be used to reduce the average rate of contribution for future service from 23.4% of salary to 21.7%. However, the Actuary had pointed out that the calculations were relatively sensitive to the assumptions made about dividend growth in the future; and, if the assumed growth rate under Basis 1 were

reduced from 4% to 3½%, the surplus would be eliminated and be replaced with a deficit of £1.1 million, assuming that the contribution rate was still reduced to 21.7%.

The Deputy Governor said that the Trustees of the Pension Fund had put forward the suggestion that it would be prudent both that the assumption of dividend growth should be altered to 3½%, and that the contribution rate be kept unchanged at 23.4%, thus leaving a modest margin against the contingency of increases in benefits being approved at some future date. The Committee, having in mind the possibility of this and other contingencies, were in favour of the course of action recommended and agreed that the proposals should be referred to the Court of Directors.

The Deputy Governor acquainted the Committee of a proposal to establish a World Commodities Centre in London. He explained that the objective was to acquire a building to cater for commodity organisations already operating in London and to attract others not at present there. In order to raise finance towards meeting the cost of the project, it had been suggested that City organisations should be invited to contribute part of the equity capital and that the Bank should accept a commitment of £100,000.

In the course of a brief discussion it was accepted that, provided there were good grounds for believing that it would prove to be a well-founded and well thought out enterprise, the Bank ought to support the project. However, the Committee felt that the suggested financial contribution of £100,000 was unduly large and would prefer to think in terms of an amount in the £25,000/£50,000 bracket, perhaps leaning towards the higher figure.

Belmont
Secretary

MEMBERS OF THE COMMITTEE OF TREASURY

FOR THE YEAR 1979/80

THE GOVERNOR

THE DEPUTY GOVERNOR

LORD NELSON

SIR MAURICE LAING

LORD ROBENS

MR.de ROTHSCHILD

SIR ADRIAN CADBURY

THURSDAY, THE 1ST MARCH 1979

Present

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

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

The Committee discussed in general terms matters arising from the heavy over-subscription of the two recent Government stock issues; and the Deputy Governor commented on the arrangements for handling new issues in the Bank.

It was agreed to recommend to the Court of Directors -

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

STAFF COMMITTEE

MR.CLAY
SIR HECTOR LAING
SIR ALASTAIR PILKINGTON
MR.BLUNDEN, Deputy Chairman
SIR DAVID STEEL
MR.DRAIN

DEBDEN COMMITTEE

SIR HECTOR LAING
MR.FFORDE
LORD WEIR
MR.BLUNDEN
SIR DAVID STEEL
MR.DRAIN

AUDIT COMMITTEE

LORD ROBENS
MR.de ROTHSCHILD
MR.DOW
MR.BLUNDEN
SIR ROBERT CLARK

COMMITTEE ON PERMANENT CONTROL
OF EXPENDITURE

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

COMMITTEE TO CONSIDER THE
SECURITIES OF CERTAIN FUNDS

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

CHARITABLE APPEALS COMMITTEE

SIR MAURICE LAING
MR.McMAHON
MR.DOW
THE SECRETARY, ex officio

COMMITTEE ON BANK PREMISES

LORD NELSON
LORD WEIR
MR.CLAY
MR.BLUNDEN

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

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

CT6001
III. That E.B. Bennett, D.S.C., Chief of Exchange Control, who is due to retire on the 2nd May 1979, be granted an ex gratia payment of £10,000 on leaving the Bank's service.

CT5007
A Report of the Committee on Permanent Control of Expenditure was submitted and referred to the Court of Directors. It was noted that this contained a recommendation that the Committee's Terms of Reference be amended in order to relieve the Committee of a responsibility which no longer seemed to be meaningful in the context of their wider examination of the current and capital expenditure budgets.

CT7002
off 2/16
With reference to Minutes of the 23rd February 1978 concerning the Personal Accident Insurance Policy covering Members of the Court and their wives travelling on Bank business, the Deputy Governor, having declared his contingent interest and that of all other Members of the Court, said that it would seem

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sensible to adjust the benefits payable under the terms of the scheme each year, in accordance with the formulae previously adopted, in the light of any material increases awarded in Special Remuneration. The Committee concurred. The Deputy Governor mentioned that, on that basis, and with effect from the 1st March 1979, the maximum benefit payable in the event of the death of a Member of the Court or of a wife would amount to £85,000 and, in the case of the Governor or Mrs. Richardson, to £160,000.

CT/166 01.

The Deputy Governor raised the subject of the history of the Bank and spoke of the need to consider the preparation of the next volume to cover the period up to about 1960. In an endeavour to find a leading monetary historian well fitted to undertake the task, outside advice had been sought; however, inquiries had not so far thrown up any particularly suitable names. The Deputy Governor recalled that Mr. Dow was due to retire from the Court in two years' time and he suggested that Mr. Dow, who had already written a very well regarded book on the British economy, might be a good choice to take on such an assignment on retirement. The Committee expressed themselves in favour of the proposal.

H. G. G. G.
Secretary.

THURSDAY, THE 15TH MARCH 1979

Present

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

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

A Report from Sir Maurice Laing and Sir David Steel on their visit to the Manchester Branch was submitted.

With reference to a Minute of the 23rd April 1975, the Governor informed the Committee that, at the request of Sir Henry Benson, his terms of appointment as an Adviser to the Governor had recently been reviewed. Sir Henry Benson was now approaching his 70th birthday and he had suggested that his remuneration should in consequence be reduced from its present level of £15,000 a year. A fee of £10,000 for the year commencing the 1st April 1979 had accordingly been agreed. It had also been agreed that the arrangements regarding his appointment should be reviewed annually in future.

The Governor spoke about his recent visit to the United States for the meetings of the Interim Committee of the International Monetary Fund.

60.01
off. H.C.
7101
H. J. H.
Secretary

THURSDAY, THE 22ND MARCH 1979

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.

It was agreed to recommend to the Court of Directors that a Special Committee be appointed to oversee the establishment of a new Scheme of Classification, as follows -

Title: Reclassification Committee (1979)

Members: The Deputy Governor (Chairman)
Mr.de Rothschild
Mr.Clay
Sir Hector Laing
Mr.Blunden
Mr.Drain

Terms of Reference:

1. To consider and to give guidance to the Bank side of the Negotiating Council on -
 - (a) the terms of reference for, and the selection of, an independent assessor to be appointed to conduct a comparability study;
 - (b) the changes necessary in the conceptual Scheme of Classification approved by the Court of the 6th April 1978 in the light of subsequent staff and union reaction to it;
 - (c) the level of salaries necessary to match the findings of the comparability study with the conceptual Scheme of Classification;
 - (d) the adjustments necessary to those levels to take account of a Stage IV settlement insofar as this is not covered by the comparability exercise;

24.

- (e) the extent to which it will be possible to move towards full implementation of the new Scheme of Classification at the 1st July settlement and the staging of subsequent payments;
 - (f) such other matters as the Committee may consider relevant.
2. To consult with such Standing Committees of the Court and with the union as they consider necessary.
 3. To report to the Court of Directors through the Committee of Treasury.

82.10.01
82.04

A provisional statement of the estimated operating profit of the Banking Department for the year ended the 28th February 1979 was submitted to the Committee. The Deputy Governor spoke about the likely size of provisions that would be needed in respect of support operations and, probably, a security holding and said that, after taking these and taxation into account, the estimated operating profit would amount to £18.9 million. This forecast was higher than the corresponding figure last year, when an interim payment of £2,000,000 had been made to the Treasury. There was therefore a case for making an enhanced interim payment this year as a reflection of the improvement in the estimated outturn. Accordingly, 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 £2,500,000 be made to H.M. Treasury on the 5th April next.

82.4

With reference to a Minute of the 1st March, the Governor commented on the report of the committee set up by the Council for the Securities Industry to inquire into a complaint about the handling of the two Government stock issues, which had been lodged by two firms of stockbrokers. The Deputy Governor spoke about the facilities for dealing with new issues in the Bank and mentioned certain improvements in arrangements which had already been implemented.

RJ

The Governor spoke to the Committee about the issue
by tender of a new gilt-edged stock for which lists had closed
that morning.

54
R. Hancock
Asst. Secretary

THURSDAY, THE 12TH APRIL 1979

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 Governor referred to an approach he had received from Lord Harris, Minister of State at the Home Office, regarding a proposal that he might act as a Trustee of the British Police Foundation which was to be established with the objective of fostering research and a wider understanding of the problems of the police force. The Foundation was being set up as a private body with charitable status and independent of Government, and it was envisaged that the cost would be met from donations from private firms and charitable trusts, rather than from public funds. The Committee confirmed the Governor's view that it would not be appropriate for him to accept appointment as a Trustee of the Foundation.

With reference to a Minute of the 15th March concerning Sir Henry Benson's terms of appointment, the Governor informed the Committee that it had been decided that, in order to match the general pattern of the Bank's salary arrangements, the revised level of his fee should run from the 1st July next rather than from the 1st April: and that for the same reason it was proposed to base the annual review of the arrangements on the same date of the 1st July.

The Deputy Governor spoke to the Committee about the meeting of the 9th April of the Reclassification Committee (1979)

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at which consideration had been given to the appointment of an Assessor to undertake a comparability study of salaries at the recruitment level and to a somewhat revised version of the conceptual Scheme of Classification presented to the Committee and Court last year. He said that, with the agreement of the union, [REDACTED]

[REDACTED], had been appointed Assessor at a fee of £1,500 and he mentioned also that the union had commissioned the Assessor, at their own expense, to conduct a further comparability study at the higher levels. The Committee expressed some concern at the possible conflicts that might arise as a result of these two studies being undertaken by the same individual and on a differing basis.

Continuing, the Deputy Governor said that the revision to the conceptual Scheme now proposed took account of the points raised both by management and the union; but the pattern of differentials was broadly the same. It was possible, therefore, to gain a reasonable idea of the percentage increase in the salary bill likely to flow from the Scheme as at present conceived and there was a need now to seek the Committee's views on whether the salaries at top levels implied by the Scheme were acceptable. Assuming a figure of 9% for the current year's award; 2% for the proposed adjustment of differentials; 9% for comparability with up to a further 5% in lieu of productivity awards and profit-sharing, this would lead to salaries for Heads of Departments, excluding the Chief Cashier, in the region of £30,000. By way of comparison, the Deputy Governor presented examples of the percentage increases in salaries that had been achieved since December 1974 - when Bank salaries were last considered to be comparable with outside analogies - by the Civil Service in accordance with the recommendations of the Review Body on Top Salaries (Boyle) which had yet to be fully implemented, 37½%; by the clearers, 45/50%; and in relation to an I.R.M. Survey of Senior Salaries, 60/75%. For Heads of Departments the actual increase was 25-26%; and had the proposed Scheme been in operation the increase would (excluding allowance for the current year's award) have been of the order of 50%.

10

760-02
760-01

In the following discussion it was suggested that a comparison with the Boyle recommendations for nationalised industries would be relevant particularly, perhaps, at Deputy Chairman level which it was thought might relate closely with Heads of Departments, and that consideration ought also to be given to the impact of the proposed Scheme on the whole salary structure, including that of Executive Directors. Further discussion was accordingly deferred to the next Meeting.

760

The Deputy Governor informed the Committee that, in connection with the litigation between Burmah Oil and the Bank it now seemed possible that, in addition to the documents already disclosed, it might be necessary to reveal extracts of any Minutes of the Committee of Treasury and Court relevant to the case. The Committee, whilst appreciating that the extracts concerned were not such as to cause any embarrassment, were nevertheless concerned at the precedent that would be thus established and it was agreed that the implications should be fully examined with the Bank's lawyers and the Minutes released only if they advised that there were no proper grounds for refusing.

H. C. [unclear]
Secretary.

THURSDAY, THE 19TH APRIL 1979

Present

A Full Committee

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

With reference to a Minute of the previous week concerning the possibility of having to reveal extracts of Minutes of the Committee of Treasury and the Court relevant to the litigation between the Burmah Oil Company Limited and the Bank, the Deputy Governor advised the Committee that there had been something of a precedent for such disclosure in the case of the 1957 Bank Rate Tribunal. He said that the Bank's lawyers were still examining the possibilities of avoiding disclosure.

With reference to a Minute of the previous week regarding the first meeting of the Reclassification Committee (1979), the Deputy Governor reminded the Committee of the various assumptions which had been seen as pointing towards salaries for Heads of Departments (other than the Chief Cashier) in the region of £30,000 post-July 1979 and drew a comparison with the Boyle recommendations for nationalised industries at Deputy Chairman or equivalent level. These assumptions suggested a notional pre-July 1979 figure for Heads of Departments in the region of £27,000/£28,500, while the remuneration of the main group of nationalised industries' Deputy Chairmen was in the £26,500 to £32,500 bracket. It was evident from various comparisons, such as those with the Civil Service, the clearers and an I.B.M. survey of salaries in major companies, that there was a wide scatter. Sir Henry Benson had been consulted on the possible post-July salary level of £30,000 for Heads of

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Departments and, following on from that broad assumption, an amount of £40,000 for Executive Directors, and had considered that both figures were of the right order. The Deputy Governor mentioned that a possible post-July level of £40,000 for Executive Directors would be appreciably below the remuneration of a General Manager of a clearing bank (pre-July £40,000, together with the provision of a car).

7770.07
7769.07
7760.02
The Deputy Governor emphasised that at this stage he was seeking no more than a general reaction on whether the salaries at top level implied by the Scheme, and the assumptions mentioned, were in an acceptable range. The new structure would have to be negotiated from the recruitment level up to the rank of Deputy Head of Department and, operating within a tight time-table, discussions with the union could not be long deferred.

After a brief discussion, in which the Committee confirmed the view that there was a need to provide adequate differentials and to have regard to possible alternative employments especially at the Executive Director level, it was agreed that a paper setting out the range of conceptual salary levels up to the rank of Deputy Head of Department should be submitted, in order to give a perspective to the proposed pattern. By way of an indication, possible salary levels above that point would also be shown.

7743.2
With reference to Minutes of the 18th January and earlier regarding the Bank's evidence to the Wilson Committee, the Governor said that, in view of the good attendance that day, he proposed to initiate a discussion at Court about the rôle of the Bank's non-executive Directors, prior to the forthcoming meeting with the sub-committee of the Wilson Committee.

The Governor spoke to the Committee about advice that the Bank might wish to give to the new Government and mentioned five areas of particular interest.

H. D. G. J.
Secretary.

THURSDAY, THE 26TH APRIL 1979

Present

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

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

With reference to Minutes of the previous week and earlier regarding the question of salaries at the top level implied by the proposed Scheme of Classification, and certain other assumptions, the Deputy Governor spoke to the Committee about a paper which set out the range of basic salaries which it was hoped to put to the union in order to initiate the process of negotiation. The paper also showed a pattern for salaries above the bargaining unit which might, subject to closer examination of comparisons at a later stage, be desirable for Deputy Heads of Departments and Heads of Departments and also for Executive Directors. The Deputy Governor pointed out that if - contrary to his own tentative view - the figures indicated were thought to be unduly high, there would be scope for compression of the differential at any or all of the points between the top of the bargaining unit and the level of the Executive Directors.

After a discussion, in which the Governor referred to a review he had set in motion of the structure of the Bank at the top level, and the point was made that there was a good case for not compressing the differentials applicable to senior posts, the Committee expressed themselves as broadly content with the pattern of salaries implied by the Scheme and agreed that it would be appropriate to open negotiations with the union on those salaries covered by the bargaining unit.

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

77.240
With reference to Minutes of the previous week and earlier concerning the possibility of having to reveal extracts of Minutes of the Committee of Treasury and the Court relevant to the litigation between the Burma Oil Company Limited and the Bank, the Governor said that the Bank's lawyers had now advised that the Bank could not resist disclosure of the particular documents on any grounds, although the Crown might wish to claim "public interest privilege" for certain parts of the disclosable extracts.

The Accounts of the Samaritan Fund for the year ended the 28th February 1979 were laid before the Committee and it was agreed to recommend to the Court of Directors that a grant of £3,950.82 be made to the Samaritan Fund. It was also agreed to recommend that the Governors be empowered to authorise the elimination of overdrafts on the Fund's account in future, under the arrangements in force for the Bank's budgetary system, subject to an annual limit of £5,000.

769.02
The Deputy Governor spoke about the proposal to modernise King's Arms Yard/Tokenhouse Yard, which accommodated the Head Office luncheon club, and sought the Committee's view on whether the Premises Committee should become involved with this project. It was agreed that it would be desirable that the Premises Committee should oversee the operation and also that Sir Hector Laing, the Chairman of B.E. Services Limited, should be co-opted to that Committee for this matter.

H. Laing
Secretary.

THURSDAY, THE 3RD MAY 1979

Present

A Full Committee

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

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

The Annual Report of the Charitable Appeals Committee on Donations was also submitted, having been briefly considered by the Court on the 5th April in the absence of the Chairman of that Committee. The Report covered a number of matters, but in particular indicated that the Committee wished to seek the Court's views on the question of the future of the Bank's charitable giving policy. It was recalled that in recent years the Committee of Treasury had discussed this question at some length (Minutes of the 20th October 1977 and of the 21st September 1978 refer) and had concluded that strictly charitable giving by the Bank, on a limited scale, was defensible.

Sir Maurice Laing, the Chairman of the Charitable Appeals Committee, explained that the Committee's concern flowed from the ever-increasing scrutiny to which the Bank was now subjected and said that the extent of charitable donations made by other organisations had been examined. It had previously been suggested that a figure of, perhaps, £50,000 per annum might be an appropriate level for charitable donations, representing about 0.2% of pre-tax profits, which compared with a range of the order of 0.1%/0.2% in the case of the clearing banks. He outlined

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the main types of causes that had been supported in the past and said that the Committee were seeking guidance on the kinds of appeals to which the Bank should in future respond.

In the course of discussion, the points were made that the Bank should continue to support charitable causes; that the amount of giving might sensibly be adjusted every three years in relation to the level of the Bank's profits; and that the question of support for business schools should not come within the purview of the Charitable Appeals Committee. It was left that the subject would be more fully discussed by the Court that day.

W. G. ...
Secretary.

THURSDAY, THE 10TH MAY 1979

Present

The Deputy Governor
Sir Maurice Laing
Lord Robens
Sir Adrian Cadbury

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

The Quarterly Report of the Committee to consider the Securities of Certain Funds was submitted. While largely in the usual form, this also contained a proposal for the refinancing of up to £10 million of the Pension Fund's portfolio of overseas investments in such a way as to shield it from the risk of fluctuations in the investment currency premium.

*5773
Office 2.6*

The Deputy Governor said that a substantial part of the Fund's portfolio had been invested in overseas securities and that there were two conventional channels for that kind of investment, both of which had certain disadvantages. A third course had however now been opened up; a recent easing of exchange control regulations permitted investment in securities of E.E.C. institutions, financed by borrowing, which in turn could be repaid in equal annual instalments over five years through the purchase of foreign exchange at the official rate. By this route, at the end of the 5-year period an E.E.C. bond portfolio would have been acquired with foreign exchange at the official rate. Over the same period a matching series of new borrowings could be taken up and used to provide substitute finance for equivalent portions of the equity portfolio, thereby allowing corresponding amounts of premium currency to be sold for sterling and the premium realised for investment elsewhere.

CG

The scheme was attractive in that its adoption would reduce the element of risk inherent in overseas investment involving the use of premium currency and it would be reasonable to hope for a margin of profit on the substitute financing transaction as a whole. By way of example, recent calculations would point to net running profits of 1½% in the case of the Fund's U.S. dollar and 2½% on its Japanese yen equity portfolios.

After discussion, in which the question of the possible effect on the economy of the United Kingdom of large-scale overseas borrowing was raised and it was recalled that permission for this type of transaction had been given as part of the obligations of E.E.C. membership progressively to free capital movements, the Committee expressed themselves in favour of the proposal and agreed that the Report should be referred to the Court of Directors.

The Committee also had before them a Report from the Staff Committee on the subject of Pensions. The Deputy Governor spoke about the Standing Committee on Pensions which had submitted a number of recommendations for improvements in pension benefits in a scheme which was already a generous one. He said that these proposals would need to be carefully examined, and it was agreed that the Report should be referred to the Court of Directors.

The Deputy Governor reported that the Governor had had a very satisfactory first meeting the previous day with the new Chancellor of the Exchequer.

H. C. [unclear]
Secretary.

THURSDAY, THE 17TH MAY 1979

Present

The Governor
The Deputy Governor
Lord Nelson
Sir Maurice Laing
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 Minute on an appointment recommended by the Governors.
2. A Report of the Staff Committee covering the Chief of Establishments' annual review of Salary Policy and Fringe Benefits.

The Quarterly Report on Errors and Omissions was also submitted.

The Governor spoke to the Committee about the recent dinner given by the Prime Minister for the Chancellor of the Federal Republic of Germany and also about the meeting of the E.E.C. Council of Finance Ministers which had been held earlier in the week.

With reference to Minutes of the 19th April and earlier regarding the Bank's evidence to the Wilson Committee, the Governor said that the most convenient time for the forthcoming meeting of all available non-executive Directors with the Wilson sub-committee now seemed to be the afternoon of the 29th May, although six Directors would not be able to attend then. Sir John Prideaux, the chairman of the sub-committee, had put forward a list of possible questions which might be raised and Lord Nelson had drafted a note which indicated the line that might be taken by the non-executive Directors. The

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Committee had before them copies of these two papers. They then considered the procedure that might be adopted for the meeting and it was suggested that it could be advantageous to send copies of the paper embodying the views of the non-executive Directors to the Wilson sub-committee in advance of the meeting. It was agreed that Sir Maurice Laing, who, in the absence of Lord Nelson, would be leading the team of available Directors at the meeting, should arrange to see Sir John Prideaux beforehand to discuss the course that the proceedings would be likely to take. It was also agreed that, in order to devote time for consideration of the whole matter, it was desirable that Directors should meet at 11 a.m. on the following Thursday and that a meeting of the Committee of Treasury should not be held that day.

H. G. ...
Secretary.

THURSDAY, THE 31ST MAY 1979

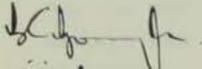
Present

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

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

A Report of the Staff Committee on the subject of an increase in pensions and allowances was submitted and referred to the Court of Directors.

The Deputy Governor spoke about the operating profit of the Banking Department for the year ended the 28th February last and, with the aid of illustrative figures, pointed to two possible lines that could be pursued in making a case for the size of the final payment to be made to H.M.Treasury. The Committee expressed themselves in favour of seeking to make the smaller, rather than the larger, payment in lieu of dividend indicated to them, in order to rebuild reserves to the maximum extent possible in the last year in which the tax figure would be at a relatively low level, but took the view that, if such a proposal were not acceptable, it would be in order to negotiate within the bracket in question.


Secretary

THURSDAY, THE 7TH JUNE 1979

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.

CT.60.02 .

With reference to Minutes of the 26th April and earlier, the Governor reported that the Reclassification Committee (1979) had met on the previous Tuesday to consider proposals for a new Scheme of Classification, the report submitted by the Assessor on his comparability study and the level of the across-the-board award to be paid this year. The Committee of Treasury had before them a paper which summarised the main recommendations and set out the cost to the Bank of implementation of the various proposals, both in the current year and on an annual basis. The Governor said that it seemed that the Staff Organisation were anxious to reach agreement with the Bank prior to the announcement of the Budget proposals on the following Tuesday on not only the new Scheme of Classification but on the rest of the items to be included in this year's settlement; and he apologised for the fact that, owing to this new element of urgency, Members had not had a longer opportunity to consider the proposals.

The Deputy Governor spoke first about the scale of the proposed settlement which was a matter of concern in that over a full year it would cost the Bank a total of £11.1 million (excluding any award for senior staff above the bargaining unit), although in the current financial year the additional

charge of £4.5 million would be relatively modest. He believed however that it would prove to be cheaper to the Bank if there were to be a quick settlement. If there were not, there was a prospect of prolonged argument over points of detail, particularly in connection with the comparability report where differences could well lead to arbitration. There would also be some advantage in reaching agreement with the Staff Organisation before the clearing banks came forward with any further concessions in their pay negotiations.

The Deputy Governor then outlined the main features of the proposed settlement:-

(a) Reclassification

There was a need to restore differentials, which had been compressed under successive phases of pay policy, and to mitigate the effects of tapering at the top end of the scales. The differentials which Members had seen earlier had subsequently been slightly modified. While it had previously been hoped that the cost of reclassification would not have amounted to more than 2% of the pay bill, the changes made had raised the cost to 3%.

(b) Comparability study

The Bank had undertaken to carry through a comparability exercise in order to bring to an end the period of non-co-operation on measures designed to promote productivity. The report submitted by the Assessor could not be regarded as an altogether helpful study, partly due to the pressure of time in its production and partly owing to the inherent difficulty of making appropriate comparisons with any assurance. A variety of possible conclusions could be drawn from the report, but it did indicate a figure in the 16%-26% range for recruitment salaries, allowing not just for comparability of pay but also for the effect of productivity schemes and profit sharing. He said that the union were prepared to accept the figure of 16% in order to achieve a quick settlement.

CG

(c) London allowance

This was a matter in which Bank Staff had long been at a disadvantage compared with those in the clearing banks for reasons of timing. It was proposed that the level justified by last year's official figures for additional costs should be paid from July and that the allowance be increased to the appropriate level for 1979 later this year.

(d) Across-the-board award

It was proposed to align this to the increase in the retail price index between May 1978 and May 1979. A rise of 10.3% had been forecast.

(e) Special subjects

The costs under a variety of headings were shown in the paper and included provision for group medical insurance for Supervisory and Administrative Staff.

The Governor commented that it would be for the Court to consider the recommendations put forward by the Reclassification Committee. There was certainly no compulsion on Court to approve a quick settlement and they might well prefer not to rush the issue. But it was pointed out that about a half of the total award proposed would be attributable to the findings of the comparability study and a further 10% to the across-the-board payment. Nevertheless, it was suggested that it might be desirable to convene an additional meeting of the Court in order to give adequate time to consider the implications of the proposals. It was left that, in the first instance, the subject would be more fully discussed by the Court that day.

The Governor informed the Committee that three of the major accountancy bodies had recently been strengthening their disciplinary procedures and that Sir Henry Benson had accepted an invitation to become Chairman of an executive committee to be set up to administer a Joint Disciplinary Scheme.

H. G. ...
Secretary.

THURSDAY, THE 14TH JUNE 1979

Present

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

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

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The Committee had before them the draft Accounts of the Bank, together with the Reports and Accounts of Slater, Walker Limited and EBS Investments Limited, both wholly-owned subsidiaries of the Bank, all covering the year ended the 28th February 1979.

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The Deputy Governor spoke first about the two subsidiary companies. He noted that the auditors had qualified the Accounts of Slater, Walker Limited in connection with a provision made in respect of certain claims, arising from a transaction which had taken place before the Bank owned Slater, Walker Limited; but suggested that, in the circumstances, the qualification need be the cause of no concern. Turning to another issue, the Deputy Governor mentioned [REDACTED]

[REDACTED]

[REDACTED]

27.40
27.031

Finally, the Deputy Governor commented on the draft Accounts of the Bank which, for illustrative purposes, showed a payment to H.M.Treasury of £6 million, as negotiations on this point had not yet been completed.

28.001

A Report of the Debden Committee on the pensionability of shift earnings of staff at the Printing Works was submitted and referred to the Court of Directors.

H. G. J.
Secretary

THURSDAY, THE 21ST JUNE 1979

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.



With reference to Minutes of the previous week and earlier relating to the Bank's Accounts, the Deputy Governor spoke about the negotiations on the level of the payment to be made in lieu of dividend and said that H.M.Treasury had pressed for a total amount of £7 $\frac{1}{2}$ million for the year. The Committee expressed themselves as prepared to accept that outcome and, having previously examined the Accounts of the Bank for the year ended the 28th February 1979, agreed to recommend to the Court of Directors that the Accounts be approved and signed. The point was made that there was certainly a case for paying a lesser figure than that proposed but it was recognised that, with the need to finalise and publish the Accounts, it was not an appropriate time for opening up the whole question of dividend payments. The matter should therefore be taken up later.

ST 69.01

With reference to a Minute of the 7th June regarding this year's pay settlement, the Deputy Governor laid before the Committee detailed proposals for salary levels of those staff above the bargaining unit and explained the basis adopted in formulating the new scales and differentials. The Committee agreed that the proposals should be submitted to the Court of Directors, with the variant that instead of making provision for the award, at discretion, of personal pensionable salary after the maximum levels had been reached on the scales, the scales should be extended, perhaps to allow for the payment every two years of further but proportionately somewhat smaller increments.

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

1. A Minute on senior appointments.
2. A Report of the Committee on Permanent Control of Expenditure.

F. H. Hodges
Asst. Secretary

THURSDAY, THE 28TH JUNE 1979

Present

The Governor
Lord Nelson
Mr.de Rothschild
Sir Adrian Cadbury

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.

W. G. ...
Secretary

THURSDAY, THE 19TH JULY 1979

Present

A Full Committee

The following items from the Charitable Appeals Committee were submitted and referred to the Court of Directors -

1. A Report which contained recommendations regarding giving at the Branches and at the Printing Works.
2. A Minute on the making of a donation.

With reference to Minutes of the 21st June and earlier regarding this year's pay settlement, the Governor said that there remained the question of the appropriate salary levels of the Advisers to the Governor and of those Members of the Court who gave full-time service to the Bank. He recalled that agreement had already been reached on the level of the fee payable to Sir Henry Benson for the year which commenced on the 1st July and explained that in the case of Lord Croham it would be reasonable to leave the present rate of his remuneration unchanged.

With regard to the Executive Directors, when the proposed Scheme of Classification was being considered it had been suggested that a level of about £40,000 would be broadly justifiable. It would now be appropriate to examine their position in detail and the Governor proposed that, as on the last occasion, Sir Adrian Cadbury and Mr. Clay should be invited to formulate recommendations, drawing for the purpose on the advice and experience of Sir Henry Benson. The Committee concurred.

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The Governor referred to recent warnings about letter bombs and said that consideration had been given to the question of whether formal provision should be made for compensation to be paid in the event of death or injury of a Member of the Court or of the staff, or any members of their households, as a result of such an incident. The Deputy Governor mentioned the existing arrangements for providing compensation in the event of death or injury whilst travelling on official business and considered that, as the contingencies now envisaged were hard to define, and were not of a kind to fit readily into the present insurance cover, it would seem more sensible not to establish a formal scheme and, instead, to leave any question of compensation, if such an event should occur, to the discretion of the Court. The Committee expressed themselves in favour of the approach suggested and agreed that the matter should be referred to the Court of Directors. The question of some form of provision against the possibility of kidnapping was also raised and it was agreed that this question should be investigated.

The Deputy Governor spoke to the Committee on the following matters -

1. The Bank's entitlement to a named seat in the new Barbican Theatre as a donor of £500 towards an appeal to establish the Royal Shakespeare Company there. The Committee agreed that it would be inappropriate to take up the offer.
2. With reference to a Minute of the 26th April, proposals relating to the modernisation of King's Arms Yard/Tokenhouse Yard, which accommodated the Head Office luncheon club. The total cost of buildings and engineering work and new equipment, after allowance had been made for contingencies and inflation, would amount to nearly £4 million. It was agreed that the plans should be exhibited to the Committee before they were shown to the staff for their comments.

The question of bar facilities was raised and the Committee expressed some disquiet at the extensive use that was made of them after working hours. It was agreed that Sir Hector Laing, as Chairman of B.E.Services Limited, and the Company itself should be asked to put forward their views on this matter.

MS

3. A proposal to meet the demand for increased squash facilities at the Sports Club, Roehampton, by building a new block of three courts at a cost of about £67,500. The Committee considered that there was a good case for the provision of three further squash courts but were not inclined to support a suggestion that additional changing rooms should also be constructed.

07.69.10
H. J. G. H.
Secretary.

THURSDAY, THE 26TH JULY 1979

Present

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

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

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

With reference to a Minute of the 31st May, a Report of the Staff Committee on the subject of adjustments to pensions was also submitted. The Deputy Governor declared his interest and that of certain executive Directors in one of the matters under consideration.

Mr. Clay, the Chairman of the Staff Committee, and Mr. Blunden then attended. Mr. Clay explained that the first recommendation contained in the Report related to the adjustment of the pensions of those members of the staff who had been affected by tapering in 1976 and 1977. He recalled that the Court had previously given an undertaking to review such pensions at the appropriate time. A second proposal was concerned with the plight of those staff whose pensions had been calculated on wages and salaries which had been restricted by Government pay policy. In that connection, no undertaking had been given by the Bank to alleviate the situation nor was any solution possible within the normal Inland Revenue limits. Nevertheless, it was recommended that the Establishment Department should be authorised to investigate the matter in detail and to enter into discussions with the Revenue.

B
H

In the course of discussion, in which questions about the numbers involved and the costs to the Pension Fund were raised, it was mentioned, with regard to the latter proposal, that it might be useful in the first instance to ascertain whether the Civil Service or major private sector interests had yet pursued the matter with the Revenue. Subject to that point, the Committee expressed themselves as content with the Report and agreed that it should be referred to the Court of Directors.

With reference to a Minute of the previous week regarding the proposed modernisation of King's Arms Yard/Tokenhouse Yard, Sir Hector Laing, the Chairman of B.E.Services Limited, and Mr.Blunden attended to speak about the project. Sir Hector Laing outlined to the Committee the principal aims of the proposed reshaping of the catering service in the building, and the savings that should be achieved, and also commented on the question of the use of the bars in the premises. In the latter connection, it was noted that prices in the bars were regarded currently by the Board of the Company as being too low and that, following the recent salary award, it was now considered to be an appropriate time to raise them.

The Committee then considered the substantial cost of the project and, in discussion, it was pointed out that the Bank's catering arrangements had become outdated in both style of service and methods of food production. The scale of the project reflected the fact that modernisation of the facilities had not kept pace with trends in the industry, and now would not meet the requirements of health, hygiene and safety standards. It was also mentioned that one result of the implementation of the modernisation plans would be the termination of coffee and tea service at King's Arms Yard and the introduction of dispensing machines in the Bank, with a consequent saving of the staff time spent in going to and from the club.

The Committee were satisfied that it was right to proceed with the proposed development, the point being noted that the Premises Committee would be giving close scrutiny to the details of the plans.

CT 70
The Deputy Governor mentioned the recently appointed Bank Dental Officer and the arrangement whereby the staff could receive the full range of treatment available under the National Health Service at the standard charges; and also the establishment of a group private medical insurance scheme with the British United Provident Association, membership of which was open to certain categories of staff, the cost being met by the Bank. He suggested that it would be reasonable that the Governors and the executive Directors should be able to avail themselves of these facilities in like manner to the staff. The Committee concurred.

CT 70-01
With reference to a Minute of the previous week about the need to determine the salary levels of those Members of the Court who gave full-time service to the Bank, Sir Adrian Cadbury spoke to the Committee about the factors which he proposed to take into account in formulating recommendations for an appropriate structure.

R. Howards
Asst. Secretary

THURSDAY, THE 23RD AUGUST 1979

Present

The Deputy Governor
Lord Nelson
Lord Robens
Mr.de Rothschild

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

70.6.1
With reference to a Minute of the 24th August 1978, the Deputy Governor said that in recent years it had become the practice to increase the pensions payable to former Governors and Executive Directors on the same basis as increases were made to the pensions of former senior members of the staff. This year, the award to the latter of 10.3% had represented the full increase in the Retail Price Index over the twelve month period since the previous review date of the 31st May 1978 and, accordingly, the Deputy Governor proposed that Court pensions be increased similarly, but reflecting the increase in the Index from the established review date of the 30th June 1978. This would produce an increase of 11.4%, payable with effect from 1st July.

There were, however, two pensions which required special mention, namely, those for Lady Parsons and for the Governor.

The Deputy Governor recalled that following Sir Maurice Parsons' death on the 24th July 1978, the Court had awarded Lady Parsons a pension of £6,780 a year from the 25th July 1978. Although that pension had thus been in payment for a little less than the full period on which the proposed award to Court pensioners was to be calculated it had been based on a proportion of Sir Maurice's pension

CS

which, had it still been in payment on 1st July 1979, would have attracted the full increase of 11.4%. In these circumstances the Deputy Governor believed that it would be appropriate to apply to Lady Parsons' pension the full award for Court pensioners.

As to the position in regard to the Governor, it seemed possible that application of the formula agreed by Court last year to provide cost of living awards to supplement part of the pension, now in payment to him, under the terms of the J. Henry Schroder Wagg and Company Limited Staff Assurance Scheme might prejudice the formal provision for him of retirement benefits during his second term of office. The possibility of so providing was presently under discussion with the Inland Revenue and the Deputy Governor accordingly proposed that application of the formula be deferred pending the outcome of those discussions.

After due consideration of these proposals it was agreed to recommend to the Court of Directors that -

- (i) with effect from the 1st July 1979, the pensions and ex gratia allowances in payment to former Members of the Court be increased by 11.4%, such percentage representing the rise in the Retail Price Index in the twelve months following the 1st July 1978, when pensions granted before that date were last increased. No part of these increases to be commutable;
- (ii) the widow's allowance awarded to Lady Parsons from the 25th July 1978, having been calculated as a proportion of her late husband's pension which would have attracted the full increase referred to above had it been in payment on the 1st July 1979, be also increased by 11.4% with effect from the 1st July 1979; and

(iii) application of the formula approved by Court of the 24th August 1978 for the provision of cost of living awards to supplement part of the Governor's pension of fixed amount under the terms of the J. Henry Schroder Wagg and Company Limited Staff Assurance Scheme, to which the Bank had contributed and which was now in payment, be deferred pending the outcome of consultations with the Inland Revenue on the question of the provision for the Governor of retirement benefits for his second term of office.

In the course of a general discussion on the level of pensions now in payment it was suggested that application to them of increases based on increases in the Retail Price Index might, if continued, become over generous in the light particularly of recent tax reliefs and the additional retirement benefits, etc., which some of the recipients received in respect of their service on the staff. It might be appropriate, therefore, for consideration to be given to determining a point - which might perhaps be £20,000 per annum - beyond which different rules might be applied: and it was agreed that a paper on this subject should be submitted for the Committee's further consideration.

The Quarterly Report on Errors and Omissions was submitted.

H. J. G. H.
Secretary.

WEDNESDAY, THE 26TH SEPTEMBER 1979

Present

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

7001
With reference to Minutes of the 26th July and earlier about the need to determine the salary levels of those Members of the Court who gave full-time service to the Bank, the Governor suggested that it might be helpful to tackle the question in two stages - first trying to determine the salary bands appropriate for the Executive Directors and the Deputy Governor, and then at a later stage coming back to consider what levels within those bands would be apt for the particular individuals concerned. (The position of the Governor would be for the non-executive Members of the Committee and Court to consider by themselves.) He recalled that Sir Adrian Cadbury and Mr. Clay had undertaken an examination of the position in some detail, having looked in particular at the remuneration paid in other relevant employments and having drawn extensively on the advice and experience of Sir Henry Benson. The Governor then invited Sir Adrian Cadbury to speak about a paper which he had prepared on the subject.

Sir Adrian Cadbury began by referring to the complexity of the problems involved and outlined the principles on which his proposals had been drawn up, with the objective of establishing a framework for a career structure up to the top level in the Bank. He stressed that such a structure should be logical in terms of other comparable salaries and that there was a need, in order to defend it if necessary, to be able to show in detail the considerations that had led to the conclusions reached.

Sir Adrian Cadbury pointed out that the bracket proposed for Executive Directors would fit in just above the top scale for Bank staff, Scale 12, and he explained that a wide band would be appropriate; however, the same argument would not apply for the Deputy Governor and Governor whose specific appointments carried particular responsibilities. He then referred to certain external salary levels and commented that the scales indicated in his paper were in his view restrained in relation to them.

After a wide-ranging discussion, in which the Committee considered the special position of Members of the Court appointed from the staff, who, under the present arrangements, could be entitled to an immediate pension, in respect of service on the staff, and the likely future role of the Court Pension Scheme, they concluded that the framework outlined in Sir Adrian Cadbury's paper represented a reasonable, logical and defensible basis for a top level salary structure for the Bank. It was left that, before consideration was given to individual salary positions within it, the non-executive Members of the Court, perhaps in a private meeting, should have an opportunity to examine the paper which had been submitted to the Committee and the conclusion that the Committee had reached.

H. G. ...
Secretary

THURSDAY, THE 27TH SEPTEMBER 1979

Present

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

The Minutes of the Meetings held on the 23rd August and the 26th September, having been circulated, were approved.

It was agreed to recommend to the Court of Directors that A.A.WEISSMÜLLER, Managing Director and Chief Executive of the United International Bank Limited, be appointed a Chief Adviser and be attached to the Cashier's Department to work primarily in the field of banking supervision: the appointment to be effective from the 16th November 1979, to be for a period of two years and on such terms as the Governors shall agree.

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

1. Four reports of the Staff Committee on the following subjects:-
 - (a) Banking Staff wastage for the quarter ended August 1979.
 - (b) The Chief of Establishments' report on Manpower Review and Planning.
 - (c) Educational Loan borrowing limits.
 - (d) The payment of certain gratuities.
2. A Minute on gratuities to members of the Printing Works Staff, recommended by the Governors.

The Deputy Governor spoke to the Committee about the financial support given by the Bank to the Institute of Bankers,

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8/10/74

which had been at the rate of £5,000 per annum for the last three years. This had represented a substantial increase from the previous level of subscription and, in asking for a continuation of the Bank's support, the Institute had not sought an increase in the amount. The Deputy Governor said that it would seem reasonable that the Bank should contribute the sum of £5,000 again this year and continue to give support at that level for some years ahead. The Committee concurred.

by [signature]
Secretary

THURSDAY, THE 11TH OCTOBER 1979

Present

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

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

A Report of the Charitable Appeals Committee on donations was submitted and referred to the Court of Directors.

67.70 of.

With reference to Minutes of the 26th September and earlier about the salary levels of those Members of the Court who gave full-time service to the Bank and the Committee's conclusion that the recommendations in Sir Adrian Cadbury's paper represented a suitable framework for the purpose, the Committee considered a paper by the Deputy Governor outlining various approaches to settling the remuneration of individual Executive Directors. After a discussion of the rationale underlying these approaches, and in particular of the weight to be accorded to an assessment of merit and responsibility, it was decided to revert to the subject at a subsequent Meeting of the Committee, at which an amplification of the preferred approach would be submitted.

h. C. G. J.
Secretary

THURSDAY, THE 1ST NOVEMBER 1979

Present

A Full Committee

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

27.85 The Governor spoke to the Committee about the fixing of the terms for the offer for sale, on behalf of H.M. Government, of ordinary shares of the British Petroleum Company Limited, which had been announced the previous day.

With reference to Minutes of the previous Meeting and earlier about the remuneration of those Members of the Court who gave full-time service to the Bank, the Committee considered a further paper by the Deputy Governor, which contained an assessment of the roles and responsibilities of the Executive Directors and went on to suggest possible salary levels, within the bracket laid down, that might be thought appropriate for each individual.

770.01 In the course of discussion, the need to differentiate on such a basis between the rates of remuneration payable to individual Executive Directors was questioned. One view was that it would be invidious to attempt to distinguish between them and that a common salary level would be more readily defensible. On the other hand, the view was expressed that although the individuals could be regarded as being on an equal footing as Directors, the responsibilities which they carried in their respective executive functions varied, as did the burden of their particular jobs and the weight of their commitment to them. Furthermore, it was contended that salary levels based on an assessment of such factors could be more effectively defended, should the occasion arise.

It was recognised, however, that, in terms of actual remuneration, the difference between the two viewpoints was likely

to be relatively small. The Committee then noted the periods of service on the Court of the individual Executive Directors and the salary level variations that might be applied to reflect this factor, on a timescale covering three terms. Following a suggestion that it might be preferable to consider using this factor alone to determine salary progression, it was decided that, while further discussion of the subject should be deferred until the next Meeting of the Committee, the effective date for the commencement of the new salary structure should be the 1st July 1979.

The Governor acquainted the Committee of his intention to engage the services of a certain individual. The Committee expressed themselves in favour of the proposal.

H. J. ...
Secretary.

THURSDAY, THE 8TH NOVEMBER 1979

Present

A Full Committee

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

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

CT70 01

With reference to Minutes of the previous week and earlier about the remuneration of individual Executive Directors, the Committee considered a further paper by the Deputy Governor which set out in tabular form various ways in which salary progression on a time basis might be put into effect. After discussion, the Committee concluded that a less automatic approach to the problem was on balance desirable. The Committee then went on to approve salary levels suggested by the Governor for each Executive Director, to take effect from the 1st July 1979 and to stand until further review. It was agreed that a recommendation incorporating these levels should be submitted to the Court that day.

Finally, the Governor expressed his appreciation of the work undertaken by Sir Adrian Cadbury and Mr. Clay in their examination of the position of the salary levels of those Members of the Court who gave full-time service to the Bank and of the valuable contribution made by Sir Henry Benson.

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CT71 01

At the Governor's invitation, the Committee discussed the question of whether the Bank should be represented on the National Economic Development Council: and concluded that

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CT 41 01.
participation in that forum would be of general benefit and that any opportunity there might be of joining the body should therefore be accepted by the Bank.

28.09.02.
The Deputy Governor referred to the recent decision to reject No.16, Finsbury Circus as a site for a new computer system for the Accountant's Department, owing to its vulnerability on security grounds, and said that the Bank's unexpected withdrawal from the negotiations at a late stage had clearly created difficulties for the prospective assignors and had almost certainly caused them financial loss, although its extent could not easily be quantified. The Bank had sought advice from its solicitors and estate agents and, although there was no contractual obligation on its part to give compensation, the Deputy Governor proposed that ex gratia offers of £23,000 be made to [redacted] and of £3,000 to the [redacted], in respect of rent and other outgoings with, in addition, sums of £200 and £300, respectively, for abortive legal fees. The Committee expressed themselves as content with the proposed course of action.

The Governor spoke to the Committee on the following matters -

- W/S
1. The relaxed and successful luncheon held at the Bank on the previous Thursday in honour of Mr.Hua Guofeng, the Premier of the State Council of the People's Republic of China.
 2. The Annual Lecture of the Institute for Fiscal Studies, entitled "Companies, Inflation and Taxation", which he had given earlier in the week.
- W/S

[Handwritten signature]
Secretary

THURSDAY, THE 22ND NOVEMBER 1979

Present

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

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

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

Office file

The Quarterly Report on Errors and Omissions was submitted. The Deputy Governor referred to losses under the Cheque Card Scheme and mentioned a number of instances in which cheque books and cheque cards had been stolen from members of the staff.

0-69

The Deputy Governor referred to expenditure in connection with Bank premises and said that it had been recommended that the exterior of the Head Office building should be cleaned again. He explained that, while the cost of treating the stonework would not be unduly high, the use of scaffolding and the repair and cleaning of the bronze fittings would add considerably to the expense, which if the entire outside was treated could be of the order of £500,000. However, some of the work on the bronze could be carried out over a period of time by the staff of the Premises Division and consequently the cost of the operation could be reduced to a figure in the £170,000/£350,000 bracket, hopefully at the lower end of that range.

After discussion, in which it was suggested that the views of the Building Research Advisory Service should be

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sought and that it might be possible to use hydraulic platforms rather than scaffolding for some of the work, it was left that further enquiries on the matter should be made.

With reference to a Minute of the 23rd August regarding the increase made this year in the pensions payable to former Members of the Court, the Deputy Governor recalled that it had been suggested that the application to pensions of increases based on rises in the Retail Price Index might, if continued, become overgenerous and that it might therefore be appropriate for consideration to be given to determining a point - perhaps £20,000 per annum - beyond which different rules might be applied. He said that it had been his intention to revert to the matter that day but as, in the event, Lord Robens was unable to be present, he proposed to leave it until a subsequent Meeting.

10.01.

Secretary.

THURSDAY, THE 29TH NOVEMBER 1979

Present

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

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

With reference to Minutes of the previous week and earlier, the Deputy Governor (declaring a contingent future interest) reverted to the question which had been raised about the practice followed in recent years of applying to pensions payable to former Members of the Court increases based on rises in the Retail Price Index - which, it had been suggested, might if continued in time become overgenerous.

67 70-01

He said that he had examined the cases of those currently in receipt of pensions under the Court Scheme and it was evident that, on the aspect of linkage with increases in the cost of living, there were marked divergencies over the various time periods. He quoted figures which indicated that, with one exception where special treatment had been accorded, percentage rises in the Retail Price Index had outstripped percentage pension increases by wide and varied margins. Furthermore, it had to be recognised that those in receipt of pensions under the Court Scheme had received less favourable treatment than staff pensioners as, while the tapering of staff pensions had already been made good, no comparable undertaking had been given with regard to the Court Pension Scheme and the tapering there had therefore not been made

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good. Comparisons with the staff scheme would become more significant still in the future, given the intention that those appointed to the Court from the staff should continue in the staff pension scheme.

ST 70.61

The Deputy Governor said that these points had led him to conclude that to determine a particular cut-off point - such as £20,000, as had been suggested - beyond which different rules might be applied in awarding pension increases would be likely to compound inequities. Instead, he felt that it would be preferable to bear the matter in mind whenever adjustments to pension levels were being considered and he accordingly proposed that the question of a possible cut-off point should be drawn to the Committee's attention in sufficient time on each occasion for them to be able to examine individual cases. The Committee expressed themselves as content with the course of action proposed.

The Committee had before them a Report of the Staff Committee on the Housing Assistance Scheme and on a review of the borrowing limits under the existing Housing Loan Scheme. Mr. Clay, as Chairman of the Staff Committee, and Mr. Blunden attended.

ST 67

In commenting on the Housing Assistance Scheme, Mr. Clay referred to the satisfactory nature of the agreement which had been reached with the union on an externally-funded arrangement for finance for house purchase for future members of the staff. He then spoke about the review of the borrowing limits under the terms of the Housing Loan Scheme and explained that, although the two house price indicators which had previously been used by the Bank had suggested a rise of 33/34% on this occasion, it was recommended that the figure should be rounded down to 30%. The Committee expressed themselves in favour of that proposal but the point was made that, for purposes of discussion with the union, the management side should note the fact that the union would be likely to raise the question of any "shortfall" this year in discussion of next year's review rather than that, as suggested in the Report, they should be empowered

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to affirm that any "shortfall" would be borne in mind at the next review of limits. Subject to that qualification, the Committee agreed that the Staff Committee's Report should be referred to the Court of Directors.

H. G. ...
Secretary.

THURSDAY, THE 13TH DECEMBER 1979

Present

A Full Committee

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

Arising from the Minutes of previous meetings:

(a) 8th November

69 04
With regard to the decision to make certain ex gratia offers, following the Bank's unexpected and late withdrawal from the negotiations in connection with the possibility of using No.16, Finsbury Circus, it was reported that an acceptance had been received from [REDACTED], while in the case of the [REDACTED], the offer had so far only been acknowledged.

(b) 22nd November

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With reference to the question of cleaning the exterior of the Head Office building, the Deputy Governor reported that the Building Research Advisory Service had confirmed the advice given prior to the previous operation, namely, that cleaning would prolong the life of the stonework. They had yet to make a recommendation about the effectiveness of silicone treatment. With regard to the possibility of using hydraulic platforms rather than scaffolding, the Deputy Governor said that it would be the intention to employ cradles wherever practicable; otherwise, depending on the nature and siting of particular work, scaffolding would probably be the most effective method.

The Committee concluded that it would be appropriate to undertake the cleaning operation, on as economical basis as possible.

19

CT TO
70-03

The Governor discussed with the Committee the situation regarding the Direction, in the context of the expiry, on the 29th February 1980, of the terms of office of three part-time Directors and one Executive Director, all of whom were eligible for reappointment to the Court. He mentioned that the Wilson Committee's report would be published shortly and said that it might suggest a widening in the future of the field from which Members of the Court were drawn. Such a proposal might well add to the pressure for a clearing banker to be appointed as a Director - a proposition which, though not in his view objectionable in principle, might in practice give rise to difficulties. The Governor stressed, however, that he was opposed to any right of representation on the Court, adding that the aim must always be to secure the services of appropriate individuals. He went on to suggest that there was perhaps a case for not recommending reappointment to the Court in all four instances on this occasion and for using the opportunity to start to widen the basis of selection.

In the course of discussion, Members of the Committee expressed themselves as being in agreement with the Governor's views on the subject and emphasised that it was essential to appoint to the Court individuals who would not only be likely to serve the Bank well but would also suit the needs of the Governor of the day. In particular, Members saw merit in the suggestion that there should be a measure of rotation in the membership of the Court and considered that there were grounds for moving away from the established practice of serving as a Director until retirement from major outside interests.

The Governor commented that it had been a helpful discussion and said that he would revert to the matter at a subsequent Meeting.

The Governor spoke to the Committee on the following matters -

- CT-70
CT-44
CT-14
1. The question of the timing of the weekly Meetings of the Committee of Treasury and of Court.
 2. Recent developments in the situation arising from the action of the United States in blocking Iranian funds.

D. G. ... Secretary.

THURSDAY, THE 20TH DECEMBER 1979

Present

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

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

A Report from Mr.de Rothschild and Mr.Clay on their visit to the Glasgow Agency was submitted.

With reference to a Minute of the previous week, the Committee agreed that, with effect from the New Year, and in the ordinary course, they should hold their weekly Meeting at 11 a.m. each Thursday and they further agreed to recommend that the Court should meet at 11.45 a.m. on the same day.

With reference to a Minute of the 1st March, the Governor acquainted the Committee of the situation regarding the question of the appointment of a new historian to undertake the preparation of the next volume of the history of the Bank and said that it had been suggested that, rather than thinking in terms of a continuous series of detailed histories, consideration should be given to the alternative course of not aiming to produce another volume until the time of the Bank's 300th anniversary in 1994. But the opposite view could also be taken that it was desirable to commission a new historian to commence work while some of the major figures concerned with the period to be covered were still available for consultation.

In discussion, the view was put forward that, while it would certainly be important not to miss opportunities to record recollections, the actual writing of the next volume could nevertheless be left for the time being. Such a course would enable the chosen historian eventually to

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undertake his task with a degree of detachment and perspective that would not otherwise be possible. The Committee expressed themselves as being in favour of that form of approach and it was left that they would revert to the matter at a later stage.

60 01
A Minute on an appointment recommended by the Governors was submitted and referred to the Court of Directors.

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With reference to Minutes of the 8th September 1977 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 a number of developments, the more significant of which had been the extension of full recognition to the Staff Organisation on behalf of the Part-time Staff and agreement that the Secretariat of the Negotiating Council should be nominated and appointed by the Bank alone. He mentioned that he had taken the opportunity to point out to the union that action which they had taken last winter had been in breach of the Agreement and that he had obtained from them a reaffirmation that they intended to abide by the Agreement in the future. The Committee expressed themselves as content with the proposed changes and agreed that the draft Recognition and Procedure Agreement should be referred to the Court of Directors.

65
The Governor spoke to the Committee about a dinner which he had attended in Bonn the previous evening for Dr. Emminger, the retiring President of the Deutsche Bundesbank.

H. G. H.
Secretary.

