

COMMITTEE OF TREASURY

MINUTE BOOK

84

COMMITTEE OF TREASURY

THURSDAY 16 JANUARY 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
LORD NELSON
SIR HECTOR LAING

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

T57
the file

With reference to Minutes of 7 April 1983 and 13 December 1984 the Governor invited the Deputy Governor to speak about a request received from the English-Speaking Union. The Deputy Governor recalled that, on the advice of the Committee, an interest free loan of £7,500 had been made to the ESU. The loan fell due for repayment on 23 January and they had asked for an extension because, although the sale of certain properties was well advanced, they had not reached contract stage. The ESU could repay the loan but would prefer to extend it until the sales were complete.

After a brief discussion it was agreed that repayment of the loan be deferred but for no longer than six months.

P. S. Zimmerman

Secretary

23 January 1986

COMMITTEE OF TREASURY

THURSDAY 23 JANUARY 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
LORD NELSON
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY

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

A Report of the Staff Committee on the Housing Loan Scheme and a Report of the Charitable Appeals Committee were laid before the Committee and it was agreed that they should be submitted to Court without discussion.

CT-57
Office GLE

The Governor spoke to the Committee about an approach from Sir Peter Gadsden, Chairman of the Britain Australia Bicentennial Committee, seeking from the Bank an interest free loan of £550,000 for a period of one year to enable a sail training ship to be built. The Government had agreed to contribute up to £1 million towards the celebration of the bicentenary in 1988. The ship would form the main part of the Government's contribution but the funds would not be available in time for building to start shortly. Mr Dawkins had been consulted about the approach and had indicated that the request was equivalent to making a donation of £65,000. In the brief discussion which followed it was agreed that the request should be declined but Sir Peter Gadsden should be informed that the Bank would be prepared to consider lending the amount required against a Government guarantee of principal and interest which could be rolled up.

CT-57
Office GLE

The Governor then outlined a further approach for support, submitted by the Agent, Birmingham Branch, concerning the

CT 57
 The ab
 City's bid to become the venue for the 1992 Olympics. Funds were being sought by the Chamber of Industry and Commerce to promote Birmingham's bid; the Chief Cashier supported the Agent's request and had suggested a donation of £1,000, which would not be out of line with support given to Olympic teams. There was some discussion about the beneficial effects the promotion might have on Birmingham and it was agreed that a donation of £1,000 be made.

CT 6002
 T 50 08
 CT 6002
 It was agreed that Mr Dawkins should then join the meeting and he introduced a report on the trial Value for Money Audits conducted by Deloitte. He explained that the exercise had not produced any startling new insights. One problem for those examining the Bank from outside was properly to understand the organisation and to produce fully relevant observations. Nevertheless the process of challenging 'accepted practices was both salutary and useful. The Bank was looking at the means of continuing such audits, which could be a useful tool, particularly with regard to reclassification; but it might be better to conduct the audits with Bank staff, supported by some external participation.

CT 50 08
 In the discussion that followed it was agreed that the audits were better suited to the operational side of the Bank's work and that clearer definitions of objectives were needed. The team to undertake such audits would probably comprise no more than three or four staff, including outside involvement.

P. E. Johnson
 Secretary

30 January 1986

COMMITTEE OF TREASURY

THURSDAY 30 JANUARY 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY

—

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

Before the Deputy Governor joined the meeting the Governor informed the Members that the Bank's Security Officer had examined the existing security arrangements at [REDACTED]

CT.71.08 [REDACTED] Recommendations had been made for improvements which, in the opinion of the Security Officer, were the minimum necessary to provide what he would regard as adequate security. [REDACTED]

[REDACTED] were content with their present system, they recognised that the extent of its effectiveness was not entirely a matter for their own judgment.

The Governor said that the installation [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CT.71.08 [REDACTED]

The Committee agreed that the professional advice of the Bank's Security Officer should be accepted [REDACTED]

Be

ST 60.01
ST 77
Office file

The Deputy Governor then joined the meeting and, at the Governor's invitation, introduced two Minutes of the Committee, recommending the appointment to the staff of N F Althaus and K G Hill from Messrs Mullens & Co; and certain appointments and awards of personal salary arising from the Annual Review of Senior Officials. He explained the background to the proposals and after a brief discussion it was agreed to submit the Minutes to Court for approval.

Office file

The Governor spoke to the Committee about a request from P H Kent, a Senior Official in the International Division, to join the Southern Regional Board of British Rail as a non-executive director, to fill a vacancy falling due in May. The Board was purely advisory and Kent's commitment would be about seven meetings a year. This was the first request of its kind although the Bank had given support to such things as local development agencies in the provinces where Agents had become members, or secondments to Business in the Community and Opportunities for the Disabled. The Bank were sympathetic to Kent's request which was in line with the encouragement given to large firms to let their executives undertake such work through organisations like PRO-NED.

Office file

The Committee recognised that a number of requests might subsequently come forward and although it was not feasible to establish precise criteria for their consideration, it would be important to ensure that no conflict of interest would be involved. It was suggested that each case would need to be considered on its merits; there were no objections to the request made by Kent, although he would be required to surrender to the Bank the fee of £1,000 which he would receive.

G. A. Cragg

Assistant Secretary.

13th March 1986

COMMITTEE OF TREASURY

THURSDAY 13 MARCH 1986

Present

The Governor

The Deputy Governor

Sir Adrian Cadbury

Sir Hector Laing

Sir John Baring

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

It was agreed that Mr Galpin should join the meeting and at the Governor's invitation he spoke about the reorganisation of the Banking Supervision Division. He explained that the new structure which separated the Division into two parts - Operational Supervision and Policy and Administration - was designed to relieve the heavy burden that was presently being carried by Mr Quinn and would speed up the decision-making process. It would place greater emphasis on the Operational side and would help management and the Division generally to become more efficient. Having talked to the Staff of the Division he was aware of their concern that, despite the extra staff being recruited for Banking Supervision Division, they would still be under great pressure and there would not be adequate time for training. Further measures were proposed to address this problem. With the agreement of the Governor and Deputy Governor a further 35 staff would be recruited and it was the intention to introduce a computerised system to draw together the wealth of management information that existed in the Division. Mr Galpin went on to say that he would welcome some audit of Banking Supervision Division procedures for the future, to ensure that processes and procedures were being adhered to. It was also the

Office
file

Other
file
intention to establish a small research unit separate from Policy and Administration which would conduct research into supervisory techniques and into general economic activity that would be of great assistance in Operational Supervision.

Other
file
Mr Galpin went on to explain that Mr Quinn would retain responsibility for Operational Supervision and would deputise for him in all matters and it was proposed that Policy and Administration should be the responsibility of Mr Barnes with appointment to Assistant Director. It was agreed to submit to Court a Minute of the Committee to that effect.

Also at the Governor's invitation, and with reference to a Minute of 23 January and previously, the Deputy Governor informed the Committee that he had spoken to [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

CT 50 08
N/E
A Report of the Committee on Permanent Control of Expenditure was laid before the Committee and it was agreed that it should be passed to Court without discussion.

P. R. J. J. J. J.
Secretary

27 March 1986

COMMITTEE OF TREASURY

THURSDAY 27 MARCH 1986

Present

THE GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY
SIR JOHN BARING

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

236 At the Governor's invitation, Mr Walker joined the meeting to talk about developments in the sale of JMB. He reminded the Committee of the Bank's commitment: £100 mn had been put into JMB just over a year before and the Bank's share of the indemnity was of the order of £25 mn. There had been no further erosion of net worth since an amount of £12 1/2 mn had been included in the accounts published at the end of the previous year.

236 Agreement had now been reached on the sale of the London futures broking operation which was expected to be followed within 10 days by the sale of the New York group. Sale of the commodities dealing group was hindered at present by the problems in the tin market but three international banks were each expressing close interest in the gold, foreign exchange and bullion operations and heads of agreement for the sale were likely by the middle of April. A holding company would be formed to prosecute the outstanding claim against Arthur Young.

236 The Committee were content with the proposals for disposal and there was some discussion on the merits of the various banks bidding for the bullion side of JMB, with particular reference to membership of the bullion market.

P. E. Inman
Secretary

3 April 1986.

COMMITTEE OF TREASURY

THURSDAY 3 APRIL 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY

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

Other file

The Governor invited Mr Scholey to introduce the Quarterly Report of the Audit Committee and the annual review of the Committee's work. Mr Scholey said that, in addition to the matters included in the Report, he had discussed with Mr Galpin the possibility of the Audit Division undertaking checking procedures related to the receipt of information in Banking Supervision Division. The Committee agreed that this would be a helpful addition to the Audit Division's programme of work. The Deputy Governor then suggested a slight amendment to the proposed Terms of Reference so that the last line of 1. should read "These audits should not unnecessarily duplicate the work of the external auditors". It was agreed that the Report, including the amendment, should be submitted to Court for approval.

CT 60

At the Governor's invitation the Deputy Governor then referred to possible difficulties in retaining staff with market related skills in the face of competition from other employers in the City. A particular problem had arisen on the foreign exchange side in the team responsible for the investment of the Reserves: one had recently left and we understood that another was expecting to receive a substantial offer over his present salary and was likely to leave as well. It was felt that it would be unproductive and set a bad precedent to make a counter offer (it would be

CT 60 quite impossible to match it), nor was it practicable to wait until the 1987 Reclassification to resolve the difficulty. As a matter of urgency it was proposed to devise a scheme for those affected which would entail an undertaking from them to give say, six months' notice in return for a form of loyalty payment. Details of such a scheme would be brought before the Committee shortly.

CT 60 There was a general discussion about the policy required for market-related pay and it was agreed that there should be no special payment made in the particular case referred to.

CT 60 The Governor then spoke about a senior member of Banking Supervision Division who had answered an advertisement from Midland Bank. The individual was privy to confidential information about the clearing banks and, at the Bank's request, the Midland Bank had delayed making him an offer until they were satisfied that the other clearers would not object. The Governor intended raising the matter informally with the CLSB and asking them to agree that in similar circumstances the Bank should be advised of any such approaches.

CT 60 In the present case, the individual would be moved to non-confidential work during his period of notice and there was some discussion about the need to ensure a period of "purdah" where such cases arose and the possibility of extending the declaration of secrecy to cover this situation.

P. L. Inman

Secretary

24 April 1986

COMMITTEE OF TREASURY

THURSDAY 24 APRIL 1986

Present

THE GOVERNOR
 THE DEPUTY GOVERNOR
 LORD NELSON
 SIR ADRIAN CADBURY
 SIR HECTOR LAING
 SIR JOHN BARING

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

N/E
 The annual report of the Registrar's Department Liaison Committee was laid before the Committee and passed without discussion to the Court.

CT 70 02
Office
file
 At the Governor's invitation the Deputy Governor spoke to the Committee about the Personal Accident Insurance Policy for Members of Court and their spouses travelling on Bank business. The policy was due for renewal and, for a slightly larger premium, all the benefits could be enhanced. It was however possible to renew the policy at a lower premium with some of the benefits enhanced and, after some discussion it was agreed to renew the policy on this basis and to include the Associate Directors which could be achieved at no extra cost. The Committee asked that some clarification should be obtained about the scale of benefits.

CT 84 02
CT 149
Office file
 At the Governor's invitation Mr Dawkins joined the meeting to speak about a request which the Bank had received from the British Museum who were mounting an exhibition on the history and design of British banknotes in 1987. The Curator of the Bank's Museum had been involved over the previous three years with developing jointly with the British Museum a synopsis of the proposed display and the Director of the Museum had approached the Bank for financial support to the extent of £65,000 towards the estimated cost of £150,000.

CT 94.02
CT 149
Office
c/s

A quarter to half a million visitors were expected to visit the exhibition which would provide substantial exposure of a part of the Bank's activities. It was also timed to coincide with a publicity campaign concerned with banknote awareness. With the Bank providing the bulk of the sponsorship it would be possible to maintain an element of control over the style and content of the exhibition.

CT 94.02
CT 149
Office
c/s

After some discussion the Committee agreed that the Bank should cover the contribution of £65,000 but should seek some support from the other banks. It was also agreed that in the special circumstances of this exhibition some relaxation of the rules regarding the reproduction of notes should be allowed.

Office
c/s

The Committee took note of a contribution of £10,000 plus VAT which had been agreed towards the cost of a video programme being produced for Industry Year by the Institute of Chartered Accountants.

P. L. Brown

Secretary

15 May 1986.

COMMITTEE OF TREASURY

THURSDAY 15 MAY 1986

Present

THE DEPUTY GOVERNOR
LORD NELSON
SIR JOHN BARING

CT 70 02
ccue
ile


The Minutes of the last Meeting, having been circulated, were approved. Arising from the Minutes, the Deputy Governor reported that an answer was still awaited from Messrs Sedgwicks on the question of the scale of benefits available to Members of Court under the travel insurance policy.

CT 60 02

It was agreed that the report of the Staff Committee on the annual report by the Chief of Corporate Services on Salary Policy and Fringe Benefits be passed to Court without discussion.

ccue ile
CT 51

With reference to a Minute of 23 January the Deputy Governor reported that the Britain-Australia Bicentennial Committee had misunderstood the Bank's response to their request for funds and had requested an immediate advance of £210,000. A letter stating the Government's intention to meet £850,000 of the cost of the proposed project had been received by the Committee from the Foreign Secretary; but the funds would not be voted until 1987/88 estimates were approved. It was recognised that it would be difficult for the Government to provide a specific guarantee until the expenditure had Parliamentary approval. After a brief discussion it was agreed to advance a capital amount of up to £750,000, with interest at Base Rate varying + 1% to be added monthly to the amount outstanding, to be repaid on receipt of the Government grant of £850,000 on or before 30 April 1987. It was further agreed that the Chief Cashier should inform the Foreign Office of this arrangement.



CT 90.0, The Deputy Governor informed the Committee that the members of the Board of Banking Supervision would be announced to Court that day and, until they were covered by legislation, it was proposed that the Bank should indemnify them from suit for breach of statutory duty or negligence, provided they had acted in good faith. The Committee agreed to this proposal.

CT 236 At the invitation of the Deputy Governor, Mr Walker joined the meeting to describe the details of the warranties which the Bank was required to give in support of JMB as to the nature and security of the £825 mn of gross assets being transferred in the sale to Mase Westpac. The warranties were due to expire within 18 months and the Committee considered that the proposals were reasonable.

P. R. Zimmerman
Secretary

22 May 1986.

COMMITTEE OF TREASURY

THURSDAY 22 MAY 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY
SIR JOHN BARING

CT 51
CT 57
Office file

The Minutes of the last Meeting, having been circulated, were approved. Arising from the Minutes, the Deputy Governor reported that a donation of £2,000 had been made by the Charitable Appeals Committee earlier in the year to the Britain-Australia Bicentennial Appeal. Arising from the Minutes of 24 April, the Governor reported that Messrs Sedgwicks had responded to the questions raised at that meeting and in the light of their comments it was agreed not to vary the terms of the policy but to await the outcome of the review of remuneration and benefits currently being undertaken.


CT 70.02
Office file

CT 60.06
Office file

A Report of the Staff Committee proposing an increase in Pensions and Allowances paid from the Staff Pension Fund was introduced and the actual interest of the Deputy Governor was declared. It was agreed that he should remain for this item and the Report was considered. The Governor drew attention to the provision in the Rules of the Fund that, where the rise in the Retail Prices Index in the review period was less than 2%, an increase should not be paid but the review period extended, normally by one year. It was agreed to submit the Report to Court without further discussion.

CT 70.01
Office file

The Governor then introduced proposals for increases in the pensions of former Governors and Executive Directors and the actual interest of the Deputy Governor was again noted and it was agreed he should remain. It was agreed to recommend to the Court of Directors that -



- CT 70.01
Office file
- 1 The annual pensions in payment to former Governors and Executive Directors and to the widows of three former Executive Directors be increased, with effect from 1 July 1986, by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1986.
 - 2 The annual allowance paid to Lord Richardson from the Court Pension Scheme under special arrangements which were approved by Court on 10 February 1983 be increased in accordance with those arrangements and the ex gratia allowance in payment to him be increased by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1986 both with effect from 1 July 1986.
 - 3 The deferred pension payable at age 60 or later granted to [redacted] on 31 December 1985 be increased, with effect from 1 July 1986 by the amount of the increase in the Retail Prices Index for the five months ended 31 May 1986.

CT 70.01
Office file

It was further agreed that, because the rules of the Court Pension Scheme did not contain any minimum provision for increases in pensions as did the Staff Pension Fund, it would be inappropriate to grant an increase should the RPI fall below 2% in May, when no increase was granted to staff pensioners.

CT 236

The Governor then introduced proposals for certain ex gratia payments to be made to a number of Directors who had been brought in to the Board of JMB when the rescue operation was mounted in 1984. They had constituted an admirable and well-matched team who had contributed a good deal more than originally expected. It was agreed that the following be made ex gratia payments -

CT 236

P Brennan	[redacted]
M J Harper	[redacted]
P W Moss	[redacted]
L T G Preston	[redacted]
G R A Copus	[redacted]

CT 236
Office file

It was further agreed that an ex gratia payment of [redacted] be made to the Chairman of JMB, Mr D A Walker, on the understanding that no further payment be made.

I. S. Tomlinson
Secretary 24 July 1986 ⁶

COMMITTEE OF TREASURY

THURSDAY 24 JULY 1986

Present

THE GOVERNOR
 LORD NELSON
 SIR ADRIAN CADBURY
 SIR HECTOR LAING
 MR SCHOLEY
 SIR JOHN BARING

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

CT 70.01
 CT 60.01
 CT 229
 Rice file

The Governor reminded the Committee that Sir Adrian Cadbury had been asked the previous year to carry out a full review of the levels of remuneration for the Governors, Executive and Associate Directors and the Economic Adviser to the Governor. Before inviting him to outline the proposals stemming from the review, he suggested that it might be helpful for him to remain, despite his direct interest, and the Committee were content.

CT 70.01
 CT 60.01
 CT 229
 Rice file

Sir Adrian Cadbury said that the Bank's Auditors, Deloitte, Haskins and Sell, had been commissioned to examine the levels of remuneration amongst comparable organisations, particularly in the City; and further information had been presented by Mr Dawkins. In making recommendations, two principles needed to be borne in mind: the need in the public and the Bank's interest to recruit and retain people of the appropriate quality. Secondly, the salary structure throughout the Bank needed to be coherent and provide sufficient room for the advancement of staff. The review had revealed a large gap between Court remuneration and that of comparable financial institutions. Because of the possibility of interchangeability of personnel between the Bank and these institutions it was important to keep broadly in line and to ensure that proper weight was seen to be attached to senior positions in the Bank. The relative importance of the Bank, particularly in respect of Banking Supervision, had increased and it had been noted that the

CT 235

CT 237 Government had accepted that the Chairman of the S.I.B. be paid a market-related salary, which was substantially more than that paid to the Governor.

CT 70.01

CT 60.01

CT 229

Office file

Deloitte's had reported that a number of respondents felt that Bank salaries should be realistic and reflect the increases in the Bank's responsibilities, particularly in supervision. In Sir Adrian Cadbury's view, an increase of 20% in Court remuneration would help to restore most of the 1979 differential with the Clearing Banks.

The Governor thanked Sir Adrian for his work on the review. He had discussed the practical consequences of the findings with the Deputy Governor and they had concluded that whilst the proposals enabled the terms at the top of the structure to be set in the Reclassification exercise, implementation should be deferred until 1987. A discussion followed on a number of aspects of the review, including the matter of the timing of implementation and the publicity likely as a result of the increases. Some concern was also expressed that the proposals did not sufficiently improve the levels of remuneration, particularly for Executive Directors. It was agreed that further consideration should be given to these points at a further meeting the following week.

CT 70.01

CT 60.01

CT 229

Office file

CT 70.01

The Governor then referred to negotiations between the Bank and BESO over the 1986 pay award. The position had been reached where agreement was possible with the Union at 5.6%, the level of the settlement reached by the Clearing Banks. Failure to settle would lead to arbitration and there would be considerable dissatisfaction amongst the staff. There had recently been an increase in the number of staff leaving and the Governor was anxious that comparability of pay with the Clearing Banks should not fall too far behind.

CT 60.02

After a brief discussion, it was agreed that a proposal to settle at 5.6% should be put to Court, such increase to apply also to Staff above the bargaining unit and to Court remuneration.

CT 60.02

CT 70.01

A. S. Gorman

Secretary 31 July 1986

COMMITTEE OF TREASURY

THURSDAY 31 JULY 1986

Present

LORD NELSON
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR SCHOLEY
SIR JOHN BARING

(The Governor joined the meeting towards the end of the proceedings)

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

With reference to the Minutes, Lord Nelson said that he had been asked to take the chair for the agenda item as the Governor would not attend until after the discussion on Court remuneration. He referred to the papers circulated after the previous meeting and a number of points were then raised on the review of remuneration.

9.237 It was agreed that the salary of the SIB Chairman was not necessarily a valid comparison to draw in relation to the Governor's remuneration: the argument rested basically on market-related salaries generally. Fringe benefits had been taken into account and overall were of a comparable nature, even if pension arrangements for Members of the Court were slightly more favourable than some comparators. On the question of timing for any adjustment, it was not thought necessary to wait until 1 July 1987 and indeed, some advantage was seen in keeping the timing of any changes separate from the Reclassification exercise. Whilst recognising there were sensitivities over timing, the Committee recommended that their proposals should be introduced earlier rather than later and certainly by the end of 1986.

10.01
the file

CT 10.01
Office
File

The Committee were strongly of the view that the 20% increase proposed the previous week was insufficient adequately to meet comparability needs, and particularly, in relation to the Executive Directors who, it was clear, could readily command considerably higher remuneration elsewhere in the City. After further discussion the following levels of remuneration were proposed:-

The Governor	£120,000
The Deputy Governor	95,000
Executive Directors	80,000

This would represent increases in the region of 30-35% on the remuneration in payment before 1 July.

CT 10.01
Office File

CT 229
CT 60.01

It was agreed that these figures should be submitted to Court as the right and proper levels of remuneration in the interests of the Bank. If Court accepted the recommendations, they should be asked to agree that the Committee, in consultation with the Governors, should decide on the date of implementation. Some consideration would also need to be given to the level of salaries for the Associate Directors and the Economic Adviser to the Governor. The Committee were of the opinion that they should not be raised to the same extent as the Executive Directors, as their responsibilities were not quite the same, and it was suggested that they should receive say, £70,000.

CT 10.01
CT 229
CT 60.01
Office File

The Governor joined the meeting and was advised of the proposals. He thanked the Committee for their deliberations and noted their views, particularly with regard to the timing of the implementation and the need to draw a distinction between the levels of remuneration for Executive and Associate Directors. It was agreed to submit the recommendations to Court.

G. A. Coughton

Assistant Secretary

11th September 1986

COMMITTEE OF TREASURY

THURSDAY 11 SEPTEMBER 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
LORD NELSON
SIR HECTOR LAING
MR SCHOLEY

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

Arising from the Minutes the Governor explained that it was the intention to bring further proposals relating to the levels of remuneration of the Associate Directors and the Economic Adviser to the Committee on 25 September, together with a recommendation concerning the timing of their implementation and of the proposals already agreed by Court.

A Report of the Charitable Appeals Committee was laid before the Committee and it was agreed that it be submitted to Court without discussion.

At the Governor's invitation the Deputy Governor then introduced a Report on Charitable Giving which drew together details of the Bank's wider charitable contributions. In addition to contributions made through the Charitable Appeals Committee, these included the cost of staff secondments and the provision of accommodation for charitable agencies, and contributions for educational and research purposes to Institutes and Colleges whose work was of relevance to the Bank. He said that it was important that Members of Court should be aware of the Bank's outlay in these various areas. It was agreed to propose to Court that a

CT. 70-01
CT. 229
CT. 60-01
OFFICE FILE

N/E

CT 50-07
CT. 57
OFFICE FILE

CT. 50. 97
CT. 57
OFFICE FILE

statement summarising such contributions be submitted annually to Court as part of the Report of the Committee on Permanent Control of Expenditure.

CT. 57
OFFICE
FILE

The Deputy Governor then went on to explain that Sir Hector Laing had recently invited the Bank to join the Per Cent Club which was to be launched later this year. The purpose of the Club was to commit members to contribute 1/2% of their pre tax profits to charity each year. The Deputy Governor expressed the view that it would be right for the Bank to aim to meet that target each year, and had in fact done so in 1985/86, but formal membership of the Club would be inappropriate for political reasons.

CT. 57
OFFICE
FILE

Sir Hector Laing said that although the Prime Minister was very much behind the aims of the Per Cent Club, he nevertheless accepted the reservations that had been expressed and appreciated the difficulties that might arise if the Bank adopted formal membership. The Governor said that he endorsed the aims of the Per Cent Club, and had done so publicly. It was then agreed that the Bank should informally aim towards the 1/2% target for charitable giving.

L. A. Coghlan

Secretary. 25 September 1986

COMMITTEE OF TREASURY

THURSDAY 25 SEPTEMBER 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR JOHN BARING
SIR ADRIAN CADBURY
SIR HECTOR LAING

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

At the Governor's invitation the Deputy Governor introduced a Minute of the Committee recommending certain senior appointments at the Printing Works consequent upon the retirement of G L Wheatley, the General Manager in April 1987. It was agreed that the Minute be submitted to Court for approval. The Committee also noted details of a recent retirement and two secondments.

Two Reports of the Staff Committee concerning a review of the borrowing limits applicable under the Educational Loan Scheme and the Report of the Chief of Corporate Services' Report on the Staffing Policy for Banking Staff were laid before the Committee and it was agreed that they be submitted to Court without discussion.

At the Governor's invitation and with reference to Minutes of 31 July and earlier, the Deputy Governor reminded Members that Court had asked the Committee to consider an appropriate date for the implementation of the increases in the Special Remuneration for the Governors, the Executive and Associate Directors and the Economic Adviser to the Governor. He explained the sensitivities surrounding the timing and suggested that in the circumstances 1 January 1987 seemed the most appropriate date for implementation.

CT 70 01
ET 229
ET 60 01
Office file

The Deputy Governor went on to say that Court had also referred back to the Committee the question of the salary levels for the Associate Directors and the Economic Adviser to the Governor. He explained that because of the limit to the number of Executive Directors imposed by the Bank's Charter the rank of Associate Director had been introduced originally to fulfil functions which should ideally be undertaken at Executive Director level. Since that time Associate Director status had been extended to include those whose functions were not appropriate to an Executive Director but whose presence at Court was desirable. It seemed appropriate therefore now to reflect this distinction in salary levels. At the same time it would also be appropriate to introduce a range rather than a fixed level of remuneration for the Executive Directors to reflect their levels of experience.

After some discussion, it was agreed to recommend to the Court of Directors that:-

- CT 70 01
Office file
- 1
 - a) the increases in the remuneration of the Governor, the Deputy Governor and the Executive Directors, already agreed, be implemented with effect from 1 January 1987.
 - b) the remuneration of Executive Directors should no longer be at a fixed level but should be within the range of £75,000-£80,000.
 - 2 With effect from 1 January 1987:-
 - a) two categories of Associate Director be recognised, namely:-
 - (i) those whose function would be appropriately performed by an Executive Director if one were available, and whose salary should therefore be within the range applicable to Executive Directors, namely £75,000-£80,000; and
- ET 229
Office file
- la

- CI 229
Office file
CI 65 01
- (ii) those whose function is not that of an Executive Director but whose regular attendance at Court is desirable; the salary applicable to this category to be within the range of £70,000-£75,000.

b) Consequent upon (a) above:-

- CI 229
Office file
- (i) the salary of Mr Dawkins, Associate Director, Operations and Services, whose responsibilities fall within the first category, be increased to [redacted];
- (ii) the salary of Mr Flemming, the Economic Adviser to the Governor, with Associate Director status, whose responsibilities fall within the second category, be increased to £72,500 pa; and
- (iii) the salary of Mr Cooke, Associate Director, Banking Supervision, whose responsibilities also fall within the second category, be increased to [redacted]
- CI 65 01
CI 229
Office file
- CI 229
Office file

CI 10 01
CI 229
Office file

Finally the Deputy Governor mentioned that it was the intention in the coming year to look for savings at Director level through some reorganisation of duties which would provide further justification for the increased levels of remuneration now being proposed.

L. A. Craig
Secretary 6 November 1986

COMMITTEE OF TREASURY

THURSDAY 6 NOVEMBER 1986

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
LORD NELSON
SIR HECTOR LAING
MR SCHOLEY
SIR JOHN BARING

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

N/E A Report of the Debden Committee was laid before the Committee and it was agreed that it be submitted to Court without discussion.

At the Governor's invitation:

- 1 The Deputy Governor said that the Bank had been approached by the European Institute of Business Administration, INSEAD, who were seeking contributions to endow an International Financial Services Centre. The objectives of the Centre would be to provide an environment in which research, education and conferences might take place to seek new insights and develop new skills to enable firms and individuals to come to terms with the changing financial structure and environment throughout the world. He explained that as the Bank had given financial support in the past and members of the staff had benefited from attendance at courses run by INSEAD, further support for the present initiative would be appropriate. It was agreed that an annual contribution of £3,000 a year for seven years be made.
- OK'd GLE
ET 57
- De

- 2 The Deputy Governor also explained that following some criticism of the format of the Court Loose Sheet, which was prepared weekly by the Banking Department for presentation to Court under the item "the weekly figures", the Chief Cashier had prepared a revised version which set out in greater detail the full balance sheet of the Issue and Banking Department. It was agreed that the proposed format, which was both clearer and more informative should be adopted, and that it would be helpful if in the future more regular comment on the figures was forthcoming at the weekly presentation at Court.

At the Governor's suggestion it was agreed that the weekly figures for Court due to be presented the following week should be submitted in both the present and proposed forms and that Members' comments should be invited.

With reference to a Minute of the 25 September, the Governor said that he and the Deputy Governor had now considered the reorganisation of duties at Director level. During a discussion of the proposed changes, which were set out in a draft Notice to the Staff which had been circulated to Members, it was explained that there would be no conflict in Mr Galpin assuming responsibility for the Banking Department in addition to his existing responsibilities for Banking Supervision and indeed it was appropriate that there should be a point of contact between the operational and supervisory areas.

Similar concern was expressed about transferring responsibility for the day-to-day operation of the Foreign Exchange Division from Mr Loehnis to Mr George. However, it was acknowledged that this was a logical step bringing together under one person the Bank's responsibilities for supervision of the wholesale markets whether in sterling or foreign currency. It was noted that a similar reorganisation had recently taken place at the Treasury.

It was also accepted that there would be no conflict in Mr Loehnis retaining responsibility for foreign exchange policy as part of his general responsibility for international and external financial affairs.

alia
ale
60.01

The Committee noted that consequent upon these proposals Mr Coleby would be appointed Chief Monetary Adviser to the Governor with effect from 14 November 1986, and in that capacity would attend Court for the monthly discussion of monetary policy, and on other occasions in the absence of Mr George.

Li. A. Coyle

Secretary. 12th February 1987

0120M

COMMITTEE OF TREASURY

THURSDAY 12 FEBRUARY 1987

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
SIR DAVID SCHOLEY
SIR JOHN BARING

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

At the Governor's invitation:

- 7-6001
- 1 the Deputy Governor introduced a Minute of the Committee, arising from the Annual Review of Staff, recommending certain senior promotions and the payment of a gratuity. It was agreed to submit the Minute to Court for approval.
 - 2 ✓ the Deputy Governor then reported on the Bank's recent experience of Corporate Membership of the Royal Shakespeare Company and Corporate Friendship of the LSO which had been examined after the trial period agreed by the Committee. As these schemes provided a measure of financial support for the Barbican through the Companies concerned, provided a staff benefit in the form of discounted prices for tickets and priority booking, and as the cost to the Bank was modest, continued support seemed appropriate.
- CT 5007
- this file

He went on to remind the Committee of the support given to the Royal Opera House through their ticket scheme and of the "net" cost formula agreed by the Committee in 1983 which set a limit on the cost to the Bank. There had then been a presumption that the limit would increase broadly in line with increases

office file

De

Office
file

in the cost of living, but the Deputy Governor explained that because of the greater use being made of tickets for official entertainment and the rise in ticket prices, which had outpaced the rise in the cost of living, it was no longer possible to work within the formula. It was the intention therefore to continue with the facility on a "gross" cost basis which for the current year would be of the order of £18,000; the "net" cost after taking account of sale of tickets to the staff was anticipated at £11,000.

It was agreed that the Bank's ongoing support of these three schemes need not be referred to the Committee in future but should be subject to normal budgetary procedures.

CT 5007
Additionally, however, these costs, broken down to identify separately the cost to the Bank for official entertainment purposes and the cost of the staff benefit should be submitted to Court annually in the Report of the Committee on Permanent Control of Expenditure.

A Report of the Charitable Appeals Committee was laid before the Committee and it was agreed that it should be passed to Court without discussion.

Office
file
70

The Governor explained to the Committee that following a review of the arrangements in force to guard against insider dealing, or accusations of insider dealing, by members of the staff, it seemed appropriate to consider the position of Members of Court in the same context. He had, needless to say, complete confidence in Directors and the declarations made by Governors and Directors on appointment and re-appointment, as prescribed by statute, were cast in very broad terms, which would include insider dealing. However the Committee might think it appropriate in order to protect the Bank against any charge of having failed to take an obvious precaution, that Members of Court should in future sign annually a secrecy declaration, similar to that signed by members of the staff; he would be guided entirely by the Committee's, and subsequently the Court's, views on this.

Office
file
70

There was general support for the proposal, not least on grounds of example. Subject to the information referred to in the declaration being qualified as "unpublished or market sensitive," it was agreed that the proposal be taken forward for consideration at Court.

CT 60
 file
 In the context of disclosure of information, Sir John Baring asked whether the Bank, in common with other institutions, had appointed a Compliance Officer. The Deputy Governor explained that the matter had been discussed within the Bank and, to the extent that it would not be a full-time commitment, said that it might be combined with the Auditor's present responsibilities. The Committee thought this would be appropriate.

CT 85
 The Governor then referred to recent discussions in the Bank which had focussed on the activities of corporate finance departments in banks which had given cause for concern. While accepting that it was the role of banks to identify companies that might be suitable for takeover and to draw them to the attention of clients who might be considering expansion, it seemed that in some cases the process had gone beyond the bounds of good practice. It might be appropriate therefore for the Bank to take an initiative in expressing concern about irresponsible and aggressive behaviour in this field; this could be achieved either by writing to the Accepting Houses Committee or alternatively, by addressing the issue in a forthcoming speech.

CT 85
 In discussing this issue the Committee were conscious of the difficulties in defining precisely the dividing line between good practice and speculative or irresponsible behaviour, although there was a feeling that the practitioners themselves know where the line should be drawn. In this context the terms of the draft text of the letter before them were regarded as too general and would therefore lack impact. It was felt generally that a speech would be more effective; it would reach a wider audience, including institutional investors who had a part to play in this area of activity.

CT 72
 The Governor then informed the Committee that he, and the Deputy Governor, had considered the composition of Standing Committees of Court for the coming year and proposed to recommend that Mr Loehnis should join Committee of Treasury following Lord Nelson's retirement from Court.

L. A. Cragg.

Secretary 19 February 1987

COMMITTEE OF TREASURY

THURSDAY 19 FEBRUARY 1987

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
LORD NELSON
SIR ADRIAN CADBURY
SIR HECTOR LAING

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

It was agreed that Mr Walker and Mr Galpin should join the meeting.

At the Governor's invitation, and with reference to a Minute of 30 May 1985, the Deputy Governor reminded Members that the question of the design of the new Series 'E' Banknotes had been considered previously by the Committee, and subsequently by Court when a presentation of the proposed new designs had been made. That presentation had focussed principally on the overall design for the new notes based on uniform height and varying length according to denomination. Development work at the Printing Works had since been carried out on that basis as the present Series 'D' notes were too large for convenience and a uniform height would result in considerable savings in production costs.

In the Autumn of last year, the Chief Cashier and the General Manager of the Printing Works met with representatives of various organisations representing the blind for preliminary discussions on the proposed size for the new notes. They objected strongly to the proposal to adopt a uniform height, arguing that blind people could only determine the value of a note by checking the height to their finger length. Although those discussions had been in confidence pending the Bank's reconsideration of the issue, this had not been fully kept. A number of letters on the

CT 94.04
subject had been sent to Members of Parliament and had subsequently been referred to Treasury Ministers. It was clear that the Royal National Institute for the Blind were now planning to launch an intensive public campaign should the Bank not reconsider the proposals by 8 April - prior to the next meeting of their Executive Council. Such a campaign could cause considerable embarrassment to the Government, especially in the run-up to a General Election.

CT 94.04
The Deputy Governor explained that one of the reasons for continuing with the proposals was that savings of between £1-2 mn per annum could result. Additionally, the case for the blind was not entirely logical in that there would be a transitional period when two series of notes would be in circulation and the blind would not be able to differentiate between them by using the finger test. The Printing Works had, however, developed a pocket size measure for use by the blind which might be issued to them free of charge. Mr Walker went on to say that it was already the intention to adopt stronger colours for the new Series of notes which would be a great help to those who were partially sighted; they represented 75% of those registered blind in this country.

CT 94.04
In the discussion that followed it was agreed that this was an emotive subject and that the savings identified were of little consequence in that context. The political implications were also acknowledged and in response to the suggestion that the matter be delayed until it was politically more convenient, the Deputy Governor said that the security of the current note issue was at risk, and any delay in introducing the new series would be unwelcome on those grounds.

CT 94.04
Although it was accepted that there was a case for accommodating the needs of the blind, it was suggested that the arguments for adopting a uniform height might be pursued further by engaging professional marketing advice to assess the strength of the Bank's case. It would also be helpful to establish whether the views expressed by those organisations speaking on behalf of the blind were, in fact, fully representative.

P. A. Crockett
12 March 1987 Secretary

COMMITTEE OF TREASURY

THURSDAY 12 MARCH 1987

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
MR LOEHNIS
SIR DAVID SCHOLEY
SIR JOHN BARING

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

Reports of the Committee on Permanent Control of Expenditure and of the Reclassification Committee containing a negotiating brief for the 1987 Scheme of Classification, were laid before the Committee and it was agreed that they be submitted to Court without discussion.

With reference to a Minute of 19 February 1987, the Governor said that following the previous discussion about the size of the new Series 'E' Banknotes which had been considered in the light of the expected reaction of the organisations representing the blind, and the political consequences of any public campaign against the Bank, we had reconsidered our proposals - including taking advice from a firm of public relations consultants, Dewe Rogerson - and had come to the conclusion that we had little alternative but to concede to the wishes of those representing the blind. Arising from his discussions with the Chancellor the possibility of using different textured papers for different denominations had been considered but this was not a practical solution; nor was it yet clear that there would be advantage in adopting a uniform length but with varying heights for the new notes.

84.04

De

CT 84.04 It was proposed therefore that we should tell the blind organisations, at a meeting fixed for 22 April, that we would meet their wishes in having notes of varying heights.

70.05
Office
File The Governor went on to say that the Under-Secretary of State at the Department of Energy had enquired whether the Bank would permit Mr Walker to accept an appointment as a Non-Executive Director of the Central Electricity Generating Board if it were offered to him. The Governor explained that as the Bank Charter prescribed that an Executive Director should give his exclusive services to the Bank, it had been necessary to consult Freshfields. In their view there was no reason why such an appointment should not be accepted if it was considered to be in the interests of the Bank: that would be a matter for Court to decide. In this respect Freshfields had suggested that Mr Walker's knowledge and experience could be enhanced by the assumption of this role.

70.05
Office
File It was accepted that such an appointment would be of particular relevance to Mr Walker in his current role within the Bank where he had a responsibility for the promotion of Non-Executive Directors. Although there was no apparent or immediate conflict of interest with his work in the Bank - other than in terms of time - concern was expressed that such conflicts might arise in the future. However, as the appointment was within the public sector rather than with a private company, such conflicts were less likely to arise, but it was agreed that in the event of any move to privatise the CEGB it would be necessary for Mr Walker to resign immediately.

70.05
Office
File It was understood that the appointment would be for a period of three years and that, if accepted, the position should be reviewed at that time, or earlier if necessary. Although it was proposed that any fee payable should be surrendered to the Bank this might create certain tax anomalies. These might be avoided by Mr Walker waiving the fee which might also have certain other advantages in determining his relationship with the CEGB.

70.05
Office
File These reservations having been expressed, it was agreed that the proposal be carried forward for consideration by Court.

R. A. Craggs, Secretary
9 April 1987

0132M

COMMITTEE OF TREASURY

THURSDAY 9 APRIL 1987

Present

THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
SIR DAVID SCHOLEY

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

70.02
The Deputy Governor spoke to the Committee about the Personal Accident Insurance Policy for Members of Court and their spouses travelling on Bank business. He explained that the Governors, Executive Directors and the Associate Directors all had a 'death in service' benefit of 4 x remuneration payable to their estate under their pension arrangements. The Personal Accident Insurance Policy provided an additional death benefit which in recent years had been calculated on an arbitrary basis giving a fixed additional benefit; this had amounted to £85,000 last year, producing total death benefits ranging from 4.95 to 5.46 x remuneration.

70.02
Applying the same formula to the new salary structure that was adopted earlier this year would have produced greater variations and to rectify this imbalance it was now proposed that the benefits under the policy should be calculated on each individual's remuneration to produce a constant overall benefit, including that derived from the Pension Schemes, of 5 x remuneration.

70.02
It was accepted that although the proposed basis produced an increased benefit for each individual, in certain cases the relationship to salary was slightly reduced.

7.10.02
Office
File

Sir Hector Laing suggested that despite the increased remuneration, the benefits under this new formula were still not particularly generous and proposed that they should be increased to 7 x remuneration, which he said was acceptable to the Inland Revenue and was the practice adopted in his own Company, United Biscuits.

7.10.02
Office
File

It was agreed that the question of increased cover should be considered further and that the practice in other public sector bodies should be examined. Sir Adrian Cadbury undertook to do this. In the meantime it was agreed that the Personal Accident Insurance Policy should be renewed for the current year on the basis of 5 x each individual's remuneration.

7.10.02
Office File

For wives of all members of Court and for Non-Executive Directors it was agreed that the amount to be provided by insurance should be equivalent to the Governor's salary.

R. H. Hoggan

Assistant Secretary

14th May 1987

COMMITTEE OF TREASURY

THURSDAY 14 MAY 1987

Present

THE GOVERNOR
 THE DEPUTY GOVERNOR
 SIR ADRIAN CADBURY
 MR LOEHNIS
 SIR DAVID SCHOLEY
 SIR JOHN BARING

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

N/E A Report of the Audit Committee was laid before the Committee and it was agreed that it be submitted to Court without discussion.

Sec 10. Before inviting Mr George to attend the meeting to present the Bartlett Report on the Registrar's Department the Governor asked the Deputy Governor to remind the Committee of the outcome of the last occasion relocation of the Department had been considered. The Deputy Governor said a site had been identified in Norwich. However, the Chancellor, under pressure from the Minister for Wales, had said the Bank should move to a development area in Swansea. This had not been considered a practical proposition by the Bank as a large number of the staff of the Department were married women and it was unlikely they would want to move as their husbands would have difficulty finding work. Mr George then joined the Meeting. He considered the Report presented a very thorough analysis. The conclusion that the Department would continue to work essentially for HMG and that clerical work volumes would continue to trend down was generally accepted. Many of the questions raised were for the management of the Department; the most immediate of the fundamental questions, however, was that of relocation. The commercial case for such a

54
 Sec 10
 Sec 10

CT 54
 file
 file
 step was clear. The re-opening of the question inevitably would unsettle the staff but it would not go away. It was the decision which Court should be asked to address and from which all else flowed, especially the relationship between the Department, ie that of a specialist area, and the rest of the Bank. This was a matter to be considered even if relocation did not take place. On the further point about the level of staffing this had been reduced already as a result of the Reclassification and was likely to diminish by about 100 in the next 12 months - all very much a step in the right direction.

CT 54
 file
 file
 Sec 10
 In considering the question of relocation the large saving in staff costs would obviously be of considerable significance. The problems over where to move were unlikely to be as great as before but it was most important that the Bank should be able to make the choice. Mention was made of the move of the Clearing Centre to Eagle House which had proved successful, mainly because of the good atmosphere that had been created. It would be necessary for the Bank to be positive over the move as it was likely the Bank of England Staff Organisation would be opposed as their viability would be reduced as a result. If a move did not take place it was probable the Government would privatise the Department because of costs. It was important, therefore, that the Treasury should be kept fully informed of our proposals. In considering the London area as a possibility for relocation thought should be given to utilising available space which existed at Debden. In the past this had been rejected as there were concerns over the ease with which the operation could be disrupted. This fear had receded. Such a move, however, could restrict the independence it was thought desirable for the Department to have and there could also be adverse implications for the Sports Club at Roehampton.

CT 54
 office file
 It was agreed the Report should be submitted to Court for their consideration.

CT 57
 office file
 The Governor mentioned he had been approached by Sir David Orr, Chairman of the Shakespeare Globe Trust seeking the Bank's help in connection with his appeal to finance a replica of the original Globe Theatre at Bankside. The appeal for £15 mn, which had been

CT 57
Disc
file
launched last October, had met with a disappointing response from banks. Sir David had asked if the Bank would give the appeal some impetus by encouraging the other banks to look favourably on the project and by giving a Court Room reception to launch the appeal. Whilst the Governors felt it would not be appropriate for the Bank to bring pressure on other banks they would be willing to offer the facility of a Court Room reception in view of the uniqueness of the project and its royal patronage. This would, however, represent a fairly high profile response. After some discussion it was concluded that as there was only a tenuous link with the Bank it would be more appropriate for any assistance to be made via the Charitable Appeals Committee.

C. A. Knight.

Secretary 21st May 1987

0518M

COMMITTEE OF TREASURY

THURSDAY 21 MAY 1987

Present

THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
MR LOEHNIS
SIR DAVID SCHOLEY
SIR JOHN BARING

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

70.01
Other file
The Deputy Governor, having declared his actual interest in the Court Pension Scheme, invited Sir Adrian Cadbury to introduce proposals for increases in the pensions of former Governors and Executive Directors and their widows. It was agreed to recommend to the Court of Directors that -

1 The annual pensions in payment to former Governors and Executive Directors and to the widows of three former Executive Directors be increased, with effect from 1 July 1987, by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1987.

70.01
Other file
2 The annual allowance paid to Lord Richardson from the Court Pension Scheme under special arrangements which were approved by Court on 10 February 1983 be increased in accordance with those arrangements and the ex-gratia allowance in payment to him be increased by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1987 both with effect from 1 July 1987.

70.01
Other file
3 The deferred pension payable at age 60 or later granted to on 31 December 1985 be increased, with effect from 1 July 1987, by the amount of the increase in the Retail Prices Index for the twelve months ended 31 May 1987.

1 to 06
Office file
A Report of the Staff Committee proposing an increase in Pensions and Allowances paid from the Staff Pension Fund, a Report of the Committee on Permanent Control of Expenditure and the Annual Report of the Registrar's Department Liaison Committee were noted and passed without discussion to Court.

The Deputy Governor reminded Members that it had been agreed the previous year that Court should not be involved in the detailed negotiations of the annual across the board pay award in future but should agree the broad parameters within which the negotiations should take place. Although negotiations were still proceeding with the Union on the Reclassification proposals, it was now appropriate to consider the separate issue of the 1987 across the board pay increase.

It was agreed that Mr Dawkins should join the meeting and at the Deputy Governor's invitation he spoke about the related issues of the Joint Study on Pay Comparability and Reclassification, which were to be self-financing, and the further separate issue of the annual across-the-board pay award. He explained that the Union had now modified their original claim to the extent that they were seeking an increase of 25% to cover the comparability exercise and 15% by way of an across the board increase. The General Secretary of the Union was keen to achieve an early settlement of these issues and it would be helpful therefore to agree negotiating parameters for the across-the-board increase now. He reminded Members that the Clearing Banks had recently imposed a settlement of 5%; this had resulted in industrial action and it seemed unlikely therefore that BESO would be prepared to settle at a lower figure than the Clearing Banks. Nevertheless he would propose to start negotiations at the level of the RPI, currently 4 1/4%, but it would be helpful to have discretion to go beyond the Clearing Banks' figure to a maximum of 5.5% if necessary, to achieve an early settlement. However, he was hopeful that a settlement would be achieved at a maximum of 5 1/4% which, with the self financing element in Reclassification, would present an attractive package. It was agreed that these proposals should be taken forward to Court for their approval. But it was suggested that we should not settle above 5% if it seemed likely that this would embarrass the Clearing Banks.

74 Finally Sir David Scholey referred to the articles which had been published in the Institutional Investor the previous day concerning the Bank, and more particularly the Governor, and asked whether it would be appropriate for the Non-Executive Directors either individually or collectively to write to the Institutional Investor refuting the latter article. The Deputy Governor said that it was the Governor's view, which was shared by the Executives who had considered this matter earlier that morning, that it could be counter-productive for the Bank to respond officially, but if the Non-Executive Directors felt inclined to respond they were free to do so. The Committee expressed their strong support for the Governor and it was agreed that Sir Adrian Cadbury should consult the other Non-Executive Directors to seek their views about any possible action on their part.

L. A. Cragg
Secretary 9th July 1987

COMMITTEE OF TREASURY

THURSDAY 9 JULY 1987


Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
SIR JOHN BARING

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

At the Governor's invitation Mr Dawkins joined the meeting and informed Members that since the Meeting of Court the previous week he had concluded negotiations with BESO; agreement had now been reached on Reclassification and the across the board increase, both within the parameters set previously by Court.

He went on to introduce proposals for Senior Officials' salaries: he explained that following a review of the senior jobs in the Bank which had identified a number of new and existing jobs of increasing importance being undertaken by promising younger staff, it was proposed to introduce two further levels of Senior Official. The new structure of five levels, attracting fixed salaries would replace the existing three level arrangement which incorporated both salary scales and fixed salaries. The proposed salaries had been arrived at by applying the Reclassification formula to the existing fixed points and by introducing two new lower salary points, which maintained differentials with those above: appropriate differentials were also maintained with the salary levels agreed the previous year for Executive and Associate Directors.



9.6.01 The Governor challenged the wisdom of identifying the five new levels by use of the Greek alphabet and it was accepted that in due course the nomenclature would revert to the Roman alphabet. Concern was also expressed that with fixed salaries it was not possible, other than by promotion to a higher level, to differentiate between staff on merit, and particularly those already at the top salary level. However it was pointed out that the facility still existed for the award of personal salary.

9.6.01 Mr Dawkins went on to explain the transitional arrangements that would apply for existing Senior Officials; to recommend the appointment of 12 new Senior Officials; and the appointment to Assistant Director of G M Gill, Head of Foreign Exchange Division.

9.6.01 It was agreed that the Minute recommending these proposals be submitted to Court.

9.6.01 The Governor drew attention to a letter he had received from Mr Peter Thornton, Curator of the Soane Museum, asking if the Bank would sponsor the restoration of the Picture Room at Lincoln's Inn Fields, suggesting that it would be an appropriate gesture to mark the 200th anniversary of Soane's appointment as Architect and Surveyor to the Bank. The Governor mentioned that he had visited the Museum and seen the Picture Room: at that time the subject of the Bank helping with the costs of restoration had been broached and Mr Thornton said he would obtain estimates and write. This he had now done: he was looking for a total of £25,000. There were several powerful reasons why we should respond to this request: the connection; the help that our Museum designers have received in their researches at the Soane Museum; and the fact that the restoration of the Picture Room would be in keeping with our philosophy regarding the Soane Hall here.

9.6.01 A contribution of £10,000 had been suggested but this still left a considerable sum to be raised from other sources. Members accepted that the Bank should contribute at that level at least, and additional help by way of underwriting the appeal, or offering an interest free loan was considered. It was then agreed to contribute £15,000 and to consider the possibility of linking the Bank's donation to specific aspects of restoration.

239
rise
also

Sir Adrian Cadbury, in his capacity as Chairman of the Committee on Bank Premises, spoke about the cost of the Museum project and in particular that Committee's concern about the lengths to which the Consultant, encouraged by English Heritage, might go to achieve the highest standards for this project. The Committee's role was to ensure that what the Governors' had agreed was carried out, but within reasonable bounds.

L. A. Craggs

Secretary 17th September 1987

COMMITTEE OF TREASURY

THURSDAY 17 SEPTEMBER 1987

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR LOEHNIS

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

At the Governor's invitation the Deputy Governor explained that, as a consequence of Mr Dawkins' retirement, it was necessary to make a number of changes relating to those areas of responsibility where his authority to act had been specifically approved by Court. It was agreed that a Minute of the Committee recommending certain changes of responsibility be submitted to Court for approval.

In commenting on the Report of the Charitable Appeals Committee Mr Loehnis drew attention to one particular school which had received a donation while others had been declined. At the Governor's invitation the Secretary confirmed that although it was the Bank's policy not to support schools generally, donations were made occasionally to schools catering for children with special needs. Attention also focussed on the number of relatively small donations that had been made. The Deputy Governor said that it

was particularly helpful for some charities to be able to include the Bank's name in a list of donors and this was often more important than the size of the contribution. Although Sir Hector Laing suggested that a small donation from the Bank of England might set an unnecessarily low precedent for other contributors, it was accepted that the amount of the Bank's contribution was rarely quoted. Nevertheless in his view it might be more effective for the Bank to make fewer but larger donations. In referring to donations made by Branch Agents, Sir Adrian Cadbury pointed out that their small donations to local charities were particularly appropriate; it was equally appropriate that the Charitable Appeals Committee should respond similarly to appeals from smaller charities in the South East, and other areas not covered by the Branch Agents, in addition to responding to appeals from the larger national charities.

It was agreed that the Report be passed to Court.

The Governor informed the Committee that the Bank had been approached by the Chairman of the Engineering Industry Training Board seeking advice and financial support for their Bursary Scheme and that in view of Mr Laird's association with the engineering industry he had invited him to attend the Committee for this item.

At the Governor's invitation the Deputy Governor explained that the Bursary Scheme funded an 18 month programme for selected young engineers to spend part of their time at the Cranfield Institute of Technology and part on attachment to a leading industrial company. Mr Laird said that the EITB was held in high regard, was particularly innovative, and was used as a model for other training boards. He thought the Bursary Scheme was worthy of Bank support and he hoped that this might encourage others to contribute as well.

After some discussion it was considered that a contribution over a term of years would be more beneficial than a lump sum: a contribution of £2,500 per annum for four years was agreed.

R. A. Cople.

Secretary 15 October 1987

COMMITTEE OF TREASURY

THURSDAY 15 OCTOBER 1987

Present

THE GOVERNOR
SIR ADRIAN CADBURY
MR LOEHNIS
SIR DAVID SCHOLEY

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

60.01
The Governor informed the Committee that Mr Somerset, the Chief Cashier and Head of the Banking Department had expressed a wish to retire from the Bank in February of the following year and it was necessary to seek, in confidence, the views of the Committee about the appointment of a successor. Earlier in the month the Deputy Governor and the Executive Directors had discussed the names of ten Senior Officials who in their opinion were candidates for the job. However, having considered their respective ages and current responsibilities, they had submitted two names for consideration.

60.01
Both candidates were thought to possess the necessary qualifications for the post, although some concern was expressed about the experience of either in managing a large Department. The Committee agreed that Mr G M Gill, an Assistant Director and currently Head of the Foreign Exchange Division, was the more suitable. It was also agreed that although a formal announcement of the appointment would not be made until later in the year, he should be informed confidentially of the Bank's intentions, to enable his views to be sought on a successor to [redacted], the present Deputy Head of the Banking Department and Staff Manager who would be retiring in May of the following year. This was considered to be particularly important since the management of one of the largest Departments of the Bank had to some extent to be shared.

6

60101
The Governor explained that a formal recommendation would be submitted to Court at a later date when the consequential appointments had been considered.

TS4
The
Ad
With reference to a Minute of 14 May, the Governor invited Mr George to attend the Meeting to introduce the Departmental Working Party Report on the Location of the Registrar's Department, which arose from the previous discussion of the Bartlett Report on the Registrar's Department. Messrs. Drake and Harris were also invited to attend as the subject was one which would have considerable effect upon their respective areas of responsibility.

TS4
The
Ad
Mr George identified the main issues; the cost of relocation which on a worst case basis would produce savings of the order of £7.25mn per annum, representing a rate of return of about 15%; the risks of dislocation to the registration function and the gilt edged market if too many staff quit before the move and sufficient qualified staff were not prepared to relocate; the need for social and operational reasons to consider a search zone within a day's round trip from London; and the need, for political reasons, not to omit from consideration a location within one of the Assisted Areas within the search zone.

TS4
The
Ad
It was acknowledged that there would be considerable management problems in maintaining adequate staffing levels and morale during the interim period, particularly as there had already been a high level of staff wastage in the Registrar's Department during the past year. These called for an early decision on relocation, adequate incentives for staff to remain until the move, adequate relocation terms, and firm assurances to the staff on all these points.

TS4
The
Ad
It was agreed that the papers should go forward to Court for further discussion.

L. A. Craggs.

Secretary 22nd October 1987

COMMITTEE OF TREASURY

THURSDAY 22 OCTOBER 1987

Present


THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
MR LOEHNIS
SIR JOHN BARING

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

A Report of the Staff Committee relating to the Chief of Corporate Services' Report on staffing policy for Banking Staff was laid before the Committee and it was agreed that it should be passed to Court without discussion.

With reference to a Minute of 9 April, the Deputy Governor reminded Members that when the renewal of the Personal Accident Insurance Policy covering Members of Court and their wives when travelling on the Bank's business, was discussed earlier in the year, Sir Hector Laing had suggested that the present cover, which together with the benefits derived from the Pension Scheme provided an overall death benefit of 5 x remuneration, was not particularly generous and Sir Adrian Cadbury had undertaken to examine the practice in other analogous organisations.

Sir Adrian Cadbury said that enquiries of other organisations had established that benefits of 4 x salary were paid by two of the Clearers and 5 x salary by the majority of the Insurance Companies. On this basis he suggested that an overall benefit of 6 x salary would be appropriate for Members of Court, 4 x salary being payable from the Pension Fund and a further 2 x salary under the Personal Accident Insurance Scheme.



In his view this formula was totally defensible in comparison with other organisations and, as the question of Personal Accident Insurance for Members of the Banking Staff was also currently under review he suggested that it would be logical for the same formula to be applied in that instance.

The Committee agreed that cover should be provided on that basis; that the same formula seemed appropriate for Banking Staff; and that in future the policy relating to Members of Court should be renewed annually on that basis until such time as it was thought necessary to refer back to the Committee.

C. A. Croft

Secretary 14 June 1988