COMMITTEE OF TREASURY

THURSDAY 25 JANUARY 1990

Present

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

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

The Governor explained that in view of the personal interest of both the Deputy Governor and Mr George in the matters to be discussed under The Direction, he had asked them to join the Committee at a later stage.

At the Governor's invitation Sir Adrian Cadbury, Chairman of the Court Pension Scheme, then explained that when Sir George Blunden was appointed Deputy Governor he did not become a member of the Court Pension Scheme on the advice of the actuarial adviser because his existing pension from the Staff Fund and Court Scheme were in total at the then Inland Revenue maximum. Court had therefore agreed that Sir George should be paid a supplement to enable him to make the maximum contribution towards a personal pension arrangement.
However, after making assumptions on remuneration for the year ending February 1990, the pension that might be provided from the estimated maturity proceeds of the policies under the personal pension arrangements, and the annual rate of inflation in January 1990, there was likely to be a significant shortfall in the pension compared with that which would have been payable had Sir George been able to accrue pension at the full rate in the Court Scheme. The shortfall was even greater when compared with the Inland Revenue maximum of two thirds of final remuneration from all sources.

Sir Adrian Cadbury suggested that the Committee might consider that the present arrangements did not provide an appropriate pension in respect of Sir George's period of service as Deputy Governor. They might wish therefore to recommend to Court that Sir George's pension from all sources should be made up to two thirds of final remuneration. The Committee agreed that Court be asked to approve such a proposal.

With the agreement of the Committee the Governor having drawn their attention to the Deputy Governor's personal interest in the ensuing item the Deputy Governor joined the meeting.

The Governor then explained that although Court had agreed that the revised salary for the Governor should be £155,000 with effect from 1 January 1990, the first of a three stage increase, he wished to confine his salary to a level that reflected only the increase in inflation since the last revision in July 1988. This would provide, in round terms, a salary of £145,000, sufficient to establish a differential with the Deputy Governor's proposed salary.
The Committee respected the Governor's wish to take a lesser salary rather than publically to waive part of his remuneration and agreed that Court be asked to endorse the proposal.

The Governor then went on to introduce three recommendations relating to the remuneration of the other members of the Executive, namely, the individual transitional salaries for the Deputy Governor and the other members of the Bank's Executive, to be effective from 1 January 1990; guidelines for the award of performance based increases and proposals for the award of certain performance based increases in the period to 1 May 1990; and salaries on promotion for Mr George, Mr Coleby and Mr Plenderleith to be effective from 1 March 1990. Sir David Scholey challenged the concept of introducing performance based increases on the anniversary of each individual's appointment. He suggested that a truer comparison of the Executives' worth could be established by assessing everyone at the same time. It was agreed that this concept should be given further consideration: Sir Adrian Cadbury undertook to discuss this issue at the next meeting of the Remuneration Committee in

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October. In the meantime the Committee endorsed the recommendations and agreed that they be placed before Court for approval.

Mr George then joined the Committee together with Sir Brian Corby and Mr Harris who had been invited to attend.

At the Governor's invitation Sir Brian Corby, in his capacity as Chairman of Staff Committee, said that the recommendation of Committee of Treasury that arrangements similar to those in place for Directors and their spouses to provide personal accident insurance cover for those involved in accidents whilst on Bank business, had been considered by Staff Committee. In the event Staff Committee had concluded that it was unnecessary to establish comparable arrangements and, in their view, there was no need for written guidelines. Cases of death or injury to staff travelling on Bank business would hopefully be very rare and it was thought more appropriate to judge each case on its merits. The Committee accepted Staff Committee's conclusions.

G. A. Croughton

Secretary of the Bank

1st February 1990

COMMITTEE OF TREASURY

THURSDAY 1 FEBRUARY 1990

Present

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

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

At the Governor's invitation the Deputy Governor spoke about the Senior Officials' Annual Review which recommended four appointments to Senior Official; four promotions within the Senior Officials structure; and one award of personal pensionable salary.

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

BA Hoffmann

Assistant Secretary

15th February 1990

COMMITTEE OF TREASURY

THURSDAY 15 FEBRUARY 1990

Present

THE GOVERNOR
SIR ADRIAN CADBURY
SIR HECTOR LAING
SIR DAVID SCHOLEY
MR GEORGE

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

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

Sir Adrian Cadbury and Sir David Scholey having declared their interest, the Governor reminded the Committee that in August 1988 he had sought their advice on an invitation he had received from Sir Patrick Neill, Vice Chancellor of Oxford University, to become a member of a Committee he was forming to raise funds for the University under the title of Campaign for Oxford. The Committee had suggested the acceptance of such an invitation would break with tradition and the Governor, as a result, had not done so.

The Governor had now received a further letter from Sir Patrick Neill asking if the Bank would be prepared to make a contribution to the Campaign.

At the Governor's invitation and with the agreement of the Committee, Dr Atterton and Mr Flemming, both members of the Charitable Appeals Committee, joined the meeting.

The Governor said that he did not consider that the Bank should put up a large sum to endow a chair but rather consider making an annual contribution, spread over a number of years. In so doing, however, it should be borne in mind that anything done for Oxford would almost certainly have to be done for Cambridge, who were to launch a similar appeal shortly. Also, consideration would have to be given to special appeals received from other universities. Comment was made that whilst, on one hand, it could be considered elitist to regard Oxford and Cambridge Universities as special, on the other, they did in some ways merit that accolade in view of those who had come into the Bank from the two Universities.

After some discussion the Committee agreed that a donation of £7,500 a year for seven years be made to the Campaign for Oxford, and, when it was received, to the Cambridge appeal. Appeals from other universities, including such as the London School of Economics, should receive a proportional donation, account having been taken of their relationship with the Bank.

G. A. Croughton.
Secretary of the Bank.
29th March 1990.

COMMITTEE OF TREASURY

THURSDAY 29 MARCH 1990

Present

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

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

At the Governor's invitation:-

1 The Deputy Governor informed the Committee that an interim payment in lieu of dividend was payable to HM Treasury on 5 April. The amount was determined by a formula agreed with HM Treasury whereby the post tax profits were shared equally by the Bank and the Treasury. However, this year the formula was complicated by the agreement reached with the Treasury at the time of the rescue of Johnson Matthey Bankers that the costs of the rescue should be borne entirely by the Bank and should not affect the dividend paid to the Treasury. Consequently, some of the dividend paid to the Bank by Minories Finance Ltd in 1989/90 was retainable by the Bank to recoup the earlier costs of the rescue.

As a result, the total dividend payable to the Treasury out of the Bank's pre tax profit of £160.4 million in 1989/90, was £71.1 million. The interim payment to the Treasury will therefore be £35.5 million, an amount agreeable to HM Treasury.

2 Mr Harris attended the meeting and spoke about the impending retirement of Mr J G Drake, the Chief Registrar. It was agreed that the Minute of the Committee, recommending that Mr D A Bridger, the Deputy Chief Registrar, should succeed Mr Drake with effect from 11 July, be submitted to Court for approval.

The Governor, having drawn the attention of the Committee to his actual interest and the potential interest of the Deputy Governor and Mr Walker in the Court Pension Scheme, invited Sir Adrian Cadbury, the Chairman of the Trustees of the Scheme to introduce the Trustees' Report. It was agreed that the Report and the proposed extension to Rule 12(e) of the Scheme be submitted to Court for approval.
With reference to a Minute of 25 January, Sir Adrian Cadbury explained that Court had agreed that on his retirement from the Bank, Sir George Blunden should be granted such pension as to ensure that his pension from all sources amounted to two thirds of final remuneration. At that time it had not been clear whether the Inland Revenue would approve the proposal to provide the further pension necessary to achieve that position by augmenting Sir George's existing pension from the Court Pension Scheme. In the event they had not agreed to that proposal and it was now necessary to seek the agreement of Court to pay the shortfall of £15,521.13 per annum from Bank funds with effect from 1 March 1990.
The Committee agreed that this proposal also be submitted to Court for approval.

The Governor explained to the Committee that the Dean of St Paul's Cathedral, the Very Rev Eric Evans, had called on him and the then Deputy Governor earlier in the year asking if the Bank would consider making a donation towards the cost of the repair of the pocket windows in the dome of the Cathedral. A preliminary estimate had indicated that the cost of the work would be of the order of £100,000 £150,000.
The Deputy Governor said that it was felt that the Bank ought to make some contribution towards the costs of this repair in particular in the context of 1994 and the service that it was planned to hold in St Paul's Cathedral to commemorate the Bank's

Tercentenary: he had in mind a donation of £5,000 per annum for five years. Dr Atterton, the Chairman of the Charitable Appeals Committee, had consulted members of that Committee who were supportive of the proposition, subject to the donation being in addition to the budget allocated for charitable appeals.

The Committee considered that it was appropriate for the Bank to offer support and agreed to recommend to Court that the Bank should contribute £5,000 per annum for five years from funds outside the charitable appeals budget.

BA Hoffmann

Assistant Secretary

10th May 1990

COMMITTEE OF TREASURY

THURSDAY 10 MAY 1990

Present

THE DEPUTY GOVERNOR
SIR ADRIAN CADBURY
SIR DAVID SCHOLEY
MR WALKER

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

The Deputy Governor introduced two papers covering items which in the past had been considered by the Expenditure Committee but with the abolition of that Committee had been agreed should now be considered by Committee of Treasury.

The first paper provided a breakdown of current expenditure for 1989/90 compared with the budget. The overspend on budget that was shown had arisen in the main from a combination of a larger than expected pay award and higher interest rates on mortgage subsidy payments. This had been offset by a shortfall against budget of the costs in Premises and Equipment, due largely to a reduction in computer running costs. These had resulted from the procurement of certain items being delayed as well as a cut back in a number of intended programmes. Because of the rapid increase in costs in this area a close look was going to be taken in the Summer at all proposed items of expenditure.

The second paper examined the Profit and Loss Account of the Banking Department for 1989/90 compared with the original forecast. As it had been agreed the previous year the Audit Committee, on behalf of Court, should examine the Bank's Accounts, the Deputy Governor asked the Chairman of the Committee, Sir David Scholey, to report on the Accounts, which incorporated the results of the Banking Department, at the same time commenting on his discussion with the Bank's external auditors.

Sir David Scholey said that the Committee had accepted the Accounts. In doing so they had made the following comments:

1 They confirmed they were content to be associated with the statement in Note 13 to the Accounts that, in the opinion of the Directors it would be misleading to consolidate the accounts of Minories Finance Limited with those of the Bank.

2 The Committee noted that Statement Accounting Practice 24 applied to the accounts for the first time and that the effect was to reduce the pension cost for the year by £7mn. This reduction was on the surplus in the Fund as at 1 March 1989 and conservatively estimated at £100mn. A full actuarial valuation as at 28 February 1990 was in progress at the moment. The assumptions shown in the published accounts would be the differentials rather than the actual rates.

3 The Committee had noted that certain equipment associated with the Snow Project at the Printing Works had been written off. They had not been happy with the use of the term "redundant machinery" in this connection, which they felt could be misinterpreted, and had substituted "machinery not required for production".

4 The Committee also suggested two further amendments. In Note 15 the first sentence of the second paragraph be amended to read "There were no other transactions that would be required to be shown under the provisions of the Companies Act 1985". And on page 31 of the Report and Accounts the Committee had suggested the heading "Current Cost Accounts" be inserted although these were no longer audited.

5 The Committee suggested that some mention be made in the Directors' Report of the loss on gilts' transactions, which was larger than in recent memory.

6 Consideration had been given as to whether or not mention should be made of the theft of money market instruments from Sheppards Moneybrokers Limited. They had concluded

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that the likelihood of the Bank's contingent liability crystallising was so remote as not to require mention. Furthermore such a liability was not normally reported as a post balance sheet event.

The Coopers and Lybrand Deloitte partner had confirmed to the Committee that the audit had gone smoothly and that the management letter would contain a number of observations but no points to cause concern.

Sir David Scholey concluded by saying he had thanked Keith Woodley, the Coopers and Lybrand Deloitte partner, responsible for the audit and John Bartlett, the Auditor, both of whose last audits it was, for their helpfulness and reliability.

The meeting then went on to consider the Report of the Court of Directors. It was considered this read very well especially the Foreword. Sir Adrian Cadbury commented he was pleased to see mention made of the Bank's community involvement.

The Deputy Governor reminded the Committee that the previous year it had been agreed that the Accounts, having been examined on Court's behalf by the Audit Committee, should be placed before Court for approval only. However, he was reluctant not to give Court the opportunity to comment on the Accounts and, provided the Committee were content, proposed that formal approval of the Accounts should be delayed to the following week. Committee of Treasury were content with this proposal.

G. A. Croft[?]

Secretary of the Bank.

24 May 1990.

COMMITTEE OF TREASURY

THURSDAY 24 MAY 1990

Present

THE GOVERNOR
THE DEPUTY GOVERNOR
SIR DAVID SCHOLEY
MR WALKER

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

At the Governor's invitation Mr Harris, in his capacity as Chairman of the Trustees of the Staff Pension Fund attended the meeting and introduced a Report of the Staff Committee proposing an increase in pensions and allowances paid from the Staff Pension Fund. It was agreed that the Report be passed to Court.

In the absence of Sir Adrian Cadbury, the Chairman of the Trustees of the Court Pension Scheme, Dr Atterton attended in his capacity as a Trustee of the Scheme. The Governor declared his and Mr Walker's actual interest in the Pension Scheme and the Deputy Governor's potential interest was noted.

At the Governor's invitation Dr Atterton introduced proposals for increases in the pensions of former Governors and Executive Directors and the widows of former Members of Court. It was agreed to recommend to Court that:

1 The annual pensions in payment to former Governors and Executive Directors and allowances to the widows of former Members of Court be increased, with effect from 1 July 1990, by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1990.

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 1990 both with effect from 1 July 1990.

3 The ex gratia payments awarded to widows of former Members of Court who retired prior to 1978 and whose allowances were based on their husband's pensions net of commutation be increased with effect from 1 July 1990, by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1990.

4 The deferred pension payable at age 60 or later granted to [redacted] on 1 June 1988 be increased, with effect from 1 July 1990 by the amount of the increase in the Retail Prices Index for the twelve months ending 31 May 1990.

5 The annual pension paid by the Bank to Sir George Blunden be increased by the increase in the Retail Prices Index between 1 March 1990 and 31 May 1990.

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

G. A. Croughton.
Secretary of the Bank.
31 May 1990

COMMITTEE OF TREASURY

THURSDAY 31 MAY 1990

Present

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

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

The Governor said that following the two earlier informal discussions at Court about the possible independence of the Bank he wished to consult members of the Committee on the next step whether or not the Bank should actively progress the issue.

Mr Walker said that he was against the Bank taking the initiative in this matter but felt that the Bank should internally and privately undertake further work on this subject so that the Governor was in a position to offer a considered opinion when it was sought. In particular it would be helpful to explore the statutory position on independence so far as any override by Government or the Chancellor of the Exchequer was concerned, and the impact that this might have on either party and on the markets. Sir Hector Laing endorsed this view. It was important for the Bank to have a framework to offer to Government which had the support of Court.

Sir Adrian Cadbury said that it was important for the Bank to establish a considered view on this matter to enable the wider European central bank issue to be addressed subsequently. Sir David Scholey said that he would be greatly influenced by the Governors' view on whether it would be better to continue with the present arrangements which worked well, were understandable and acceptable; or to establish a separate statutory accountability for the Bank to provide a forum for the open expression of views which would be healthy. The discussion on a European central bank perhaps provided a convenient and legitimate umbrella under which the Bank could discuss independence but if we were seen to be doing this publicly it might damage the relationship between the Bank and Government. He suggested that it might be pursued in one of two ways, either as an internal exercise or by an external academic body such as the London School of Economics who might be invited to examine the issue.

The Deputy Governor was strongly of the opinion that the Bank should not campaign and felt that if we were thought to be associated with an investigation by a third party, that would be interpreted as campaigning by the Bank. His preferred course of action was to examine the issue fully internally, restricting it to the Governors and Executive and then sharing it with Court.

The Governor said he was grateful for the views expressed by members which were much in line with his own views. He fully supported a further examination of the subject to be discussed at Court in due course and was very much against the Bank campaigning in any way. In particular the Governor raised the question of disagreement and the need to consider carefully the implications and procedures which might apply in the event of disagreement between the Governor and the Chancellor on matters of monetary policy: how far should it go would it present a situation when resignation by either the Governor or the Chancellor would be appropriate? These matters needed to be addressed and the practice in other countries, Canada, Netherlands, Germany and New Zealand, might provide interesting and helpful comparisons.

Finally concern was expressed that this issue was continually referred to as the "independence of the Bank" whereas in practice we were talking about independence in the function of monetary policy. It was agreed that for the future the subject should be referred to as "accountability".

At the Governor's invitation the Deputy Governor then introduced a paper "The Bank of England: Purposes, Responsibilities and Philosophy" which represented a "mission statement" for the Bank. It was unfortunate that it was being considered at the same time as the "independence" debate as this raised its sensitivity level. However there was a management need within the Bank to get everyone thinking and speaking with one voice and the purpose of this paper was to establish a concise statement of what the Bank was up to. With the agreement of the Committee the Deputy Governor wished to discuss the paper at Court before then discussing it with Senior Officials. In the light of those discussions we would then want to consider whether or not to produce a simpler version for wider circulation; but if it were intended to do this the matter would first be brought back to Committee of Treasury and Court.

Sir Adrian Cadbury supported the need for the Bank to establish and agree such a statement. However, he suggested that the statement should incorporate or be preceeded by an introduction clarifying the Bank's position as a nationalised industry, its relationship with Government, banks, etc. This would establish the Bank's unique position before going on to explain its objectives etc in greater detail. Sir Hector Laing and Sir David Scholey supported the need for the organisation to think and speak with one voice and endorsed the preparation of this statement. Mr Walker was also in general agreement but expressed reservations about the document and its contents getting into the public domain. He felt that to some extent it was inevitable that some element of the document would be used against us to our embarrassment. The sensitivities which he foresaw were that the document might be seen as an attempt by the Bank to pursue the "independence" issue; that in certain areas some of the Bank's mystique was best kept from the public domain; and finally that if the statement was to be advanced it should be as a discussion document, certainly until it was finally endorsed by Court.

The Governor said that he had some reservations largely over the distribution and leaking of the document. It might be possible to restrict this likelihood by promulgating the contents beyond

Senior Officials only by word of mouth but if there was a danger of the document itself being leaked he wondered whether it would be prudent to disclose it to HM Treasury in advance.

Finally it was agreed that it would be appropriate to take the paper to Court for their views before confidential discussion with Senior Officials. If thereafter we wanted to give wider circulation to a simplified version of the document, the matter would be resubmitted to Court.

G. A. Croughton.
Secretary of the Bank
14 June 1990.

COMMITTEE OF TREASURY

THURSDAY 14 JUNE 1990

Present

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

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

At the Governor's invitation Mr Harris attended the meeting and reminded the Committee that the Bank of England Section of BIFU had submitted their annual claim for a pay award for 1990 which amounted to 12% across the board together with a lump sum cash payment of £200: in addition they sought some financial reward for staff with satisfactory long service and wished to continue to negotiate a flexible remuneration package for Officials (but outside the current negotiation).

With the retail prices index at its present level and pay settlements of the order of 9.5% and above being agreed elsewhere, negotiations were likely to be difficult. Nevertheless the Bank's case was based not on matching the RPI but on the need to recruit and retain staff: in this respect we were in competition with the Clearing Banks. Their pay awards had been agreed at around 8.3%/8.4% earlier in the year when the RPI stood at that level. Mr Harris said the settlement might also include some modest increase in the pots available for performance related awards and bonuses; some small long service related increase in leave entitlement for very junior staff; but no further negotiations on the flexible package at this stage.

Mr Harris anticipated that the Union would use similar arguments as the previous year if it was suggested that Bank staff were protected from the cost of house financing and that therefore an award of less than the current RPI would be appropriate: such an offer would be seen as demotivating, particularly in a year when the Bank had achieved record profits. Equally, any suggestion that an award at a level below the RPI was appropriate because most staff would receive pensionable increases of the order of 2% from other sources during the year, would be challenged by the Union on the grounds that our analogues have similar benefits, and profit sharing schemes too.

It was noted that the RPI was likely to be of the order of 10% and that it would be appropriate to remind the Union of the degree to which staff were insulated from the full impact of mortgage interest rates. In addition Sir Adrian Cadbury endorsed the view that the Bank's response should be based on our need to recruit and retain staff but Sir Hector Laing doubted whether the Union would settle at a figure much below the current level of the RPI.

In focusing on the objectives of the 1987 Scheme of Classification, Mr Walker suggested that there might be a further enhancement of the pots for Officials and Sir David Scholey suggested that there could be merit in opening negotiations at different levels for Officers and Officials. Mr Harris said that this might be possible: in 1987 when different bargaining units were established for these groups it had been recognised that this might lead to different settlements, although this had not happened so far.

The Committee agreed that the detailed proposals outlined in Mr Harris' paper be submitted to Court for further discussion and approval.

G. A. Croughton.
Secretary of the Bank.
13 December 1990

COMMITTEE OF TREASURY

THURSDAY 13 DECEMBER 1990

Present

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

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

The Governor reminded Members that in agreeing to disband the Committee on Permanent Control of Expenditure earlier in the year Court had also agreed that it would be appropriate for the Deputy Governor to report to Committee of Treasury regularly on the Bank's financial position.

Accordingly, at the Governor's invitation the Deputy Governor then drew attention to the Banking Department's Profit and Loss Account. The total income for the year to February 1991 was forecast at £284.9 mn, an increase of 22% over the year. This had prompted the Bank to write to HM Treasury indicating our intention to reduce the cash ratio deposit from 0.45% to 0.40%: their reaction was awaited.
Expenditure, after recoveries from HMG, was expected to increase by 4% over the year to £127.3 mn, to produce an operating profit before tax of £176.2 mn, an increase of 7% on the previous year.
Forecast current expenditure was running over budget: Personnel costs accounted for the major element reflecting a larger pay award than budgeted and increases in mortgage subsidy and severance scheme expenses. Premises and Equipment costs were on budget but Other costs, reflecting increases in telephone charges, professional fees and irrecoverable VAT, were expected to exceed budget.

The costs of three of the Bank's functions, Note Issue, Debt Management and management of the Exchange Equalisation Account, were cash limited. The Bank had consistently managed these functions within the cash limit ceilings set by HM Treasury despite progressively unrealistic allowances for inflation which continued with increases of only 2.5% per annum for the next four years. A number of initiatives had been taken to contain cash limited expenditure. These included the relocation of the Registrar's Department to Gloucester and the replacement of banknote printing machinery at the Printing Works which would produce staff and other savings in the longer term. Savings from relocation, in excess of those originally forecast, had provided an opportunity to re-appraise notional rents, resulting in increases to levels closer to current market rental values. These increases have been negotiated and agreed with HM Treasury.

The outturn on capital expenditure this year would be closer than usual to the budgeted figure because both the Gloucester building and New Change refurbishment would be completed within the financial year, so that the normal slippage was much less than in the past.

The Governor reminded Members that earlier in the year the Committee had agreed to contribute £7,500 a year for seven years to the Campaign for Oxford, an appeal to raise £220 mn for the University. At that time the Committee had also agreed to make a identical contribution to Cambridge University when their appeal was launched. This appeal, The Cambridge Foundation, which aimed to raise £250 mn over a ten year period, had now been received and the Committee endorsed their earlier decision to respond with a donation of £7,500 per annum for seven years. Sir Adrian Cadbury, as Deputy Chairman of The Cambridge Foundation, declared his interest in the appeal and reminded Members that the Committee had also agreed to consider support for appeals from other Universities if they were received.

G. A. Crafts.
Secretary of the Bank. 14 February 1991