

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 JANUARY 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

The Rt Hon Lord Robens of Woldingham

Sir David Edward Charles Steel, DSO, MC

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Anthony David Loehnis, Esq

The Minutes of the Court of 18 December 1980, and those of the Meeting of 24 December 1980 were confirmed and those of the Meeting of 31 December 1980, which had also been circulated, were approved.

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets, in the course of which (and with reference to a Minute of the previous week) he commented on reaction in the press to the announcement of the reduction in the minimum Reserve Asset Ratio requirement, and Mr Loehnis to speak about the exchanges.

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The following were laid before the Court -

- (1) A statement of Official Reserves at the end of December 1980.
- (2) A Report from Lord Robens and Mr Blunden on their visit to the Leeds Branch.

A statement of the Banking Figures as at 10 December 1980 was also laid before the Court. At the Deputy Governor's invitation, Mr Pforde commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by  $\frac{1}{2}\%$  during the three-week period, after seasonal adjustment.

The current report on Economic Developments Abroad, together with an additional paper on the effects of higher oil prices, which presented an alternative forecast based on a certain assumption, was introduced by the Deputy Governor, who invited Mr Loehnis to speak. Discussions on both papers followed.

The Deputy Governor spoke to the Court about a recent successful working dinner with representatives of Barclays Bank Limited which had been held at New Change.

*H. Pforde*  
Secretary.

15 January 1981.

*C. W. M. Melton*

15.1.81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 JANUARY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of the previous week, on the invitation of the Governor Mr Fforde introduced the Money and Banking Figures as at 10 December 1980 which confirmed that during the three-week period sterling M3 had grown by  $\frac{1}{2}\%$ , after seasonal adjustment. A short discussion followed.

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The quarterly analysis of Bank Advances as at 19 November 1980 was also laid before the Court.

The Deputy Governor advised the Court in confidence that the Bank had been asked by the United States Government to play a part in helping to secure the release of the American hostages held in Iran and spoke about the manner in which the Bank would act as depositary of the funds to be released from American banks in exchange for them.

The Economic Report for December 1980 was introduced by the Governor, who invited Mr Dow to speak: a discussion followed.

The Governor drew attention to the Ernest Sykes Memorial Lecture which had been given by the Deputy Governor at the Institute of Bankers earlier in the week.

At the Governor's invitation -

- 1 Mr Loehnis spoke about the monthly meetings at the Bank for International Settlements which he had recently attended.
- 2 Lord Weir commented on impressions gained during his recent visit to Mexico and North America.

A Minute on appointments recommended by the Governors was read and approved.

*D. G. [Signature]*  
 Secretary.  
 22 January 1981. *C. W. M. [Signature]*

22 . 1 . 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 JANUARY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr Loehnis also mentioned the manner in which the effective exchange rate index would be rebased with effect from 2 February.

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The following were laid before the Court -

- 1 A statement of the Overseas Trade Figures for December 1980.
- 2 A Report of the Staff Committee covering the Chief of Corporate Services' review of General Staff Administration and Training.

With reference to a Minute of the previous week, the Governor spoke about the successful conclusion of the negotiations and operations relating to the release of the American hostages in Iran and said that Members would doubtless wish to join with him in congratulating the Deputy Governor and the Chief Cashier and staff at all levels in the Bank whose efforts had ensured that the Bank had been able to play an important, constructive and efficient part. The Court wholeheartedly concurred. The Governor went on to say that he had received messages of thanks and congratulations from numerous quarters, including the Prime Minister and ex-President Carter, and, in turn, he had expressed his appreciation to major British banks for the contributions which they had made to the complex financial arrangements associated with the release of the hostages.

The Deputy Governor then spoke about the Bank's involvement in the operations, and in so doing paid tribute to the co-operation and dedicated support of various members of the staff and also to the valuable role played by a partner of Messrs Freshfields, and outlined the pattern of developments in Algiers. A brief discussion followed.

The Governor spoke to the Court on the following matters -

- 1 The publication that day of further updated lists of institutions authorised to take deposits under the Banking Act 1979. He also mentioned the recent hearing of the appeal lodged by [redacted] against the Bank's refusal to grant it recognition as a bank, a decision on which would be made in due course by the Chancellor of the Exchequer.

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- 2 His recent meeting in Edinburgh with the Chairmen of the Scottish Clearing Banks and the Committee of Scottish Clearing Bankers; and the speech which he had given at the Institute of Bankers in Scotland Biennial Dinner.
- 3 His meeting the previous day with the Chairmen of the London Clearing Banks.
- 4 The First 1981 Stockton Lecture which he would be giving that evening on "Some reflections in the wake of the Wilson Report".

The Governor raised the question of the Governor's Charge, copies of which are sent to certain entrants on appointment to the permanent Banking Staff, and a proposal to incorporate the guidance which it gave in the Message from the Governor which constituted the introduction to the Staff Handbook. After a brief discussion, it was agreed that it might, indeed, take the form of a letter to new entrants, separate from the main text of the Staff Handbook, but within its covers. Some suggestions were made on wording and it was left that further consideration would be given to the matter by the Governor.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

A Lease relating to a tenancy at Bank House, Leeds  
the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

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

29 January 1981

*C. W. McMahon*

29. 1. 81



A COURT OF DIRECTORS AT THE BANK

THURSDAY, 29 JANUARY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited the Deputy Governor to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The Governor spoke to the Court on the following matters -

- 1 With reference to a Minute of the previous week, his Stockton Lecture on "Some reflections in the wake of the Wilson Report" and, in particular, the concepts of a loan guarantee scheme and a national investment bank. A brief discussion followed.



- 2 A forthcoming change in the position of Senior Broker to the National Debt Commissioners.
- 3 The recently announced decision to introduce a 20p coin in 1982 and a £1 coin in 1983.
- 4 A speech by the Chancellor of the Exchequer at a recent dinner in Paris which the Governor had also attended.
- 5 A meeting in the Bank the previous evening with a small group of industrialists.
- 6 With reference to Minutes of the previous week and earlier regarding the Banking Act 1979, a decision to decline to accord the status of a recognised bank but the grant instead of a full licence to the Commercial Bank of Wales Limited.

At the Governor's invitation -

- 1 Mr Blunden reported that a pay claim for 1981 had recently been submitted by the union. He said that they had been advised that no discussion on it could take place until the cash limit for the forthcoming year had been agreed with H M Treasury. He also explained that there were no grounds for expecting that a change in the settlement date, as had been sought by the union, would be advantageous to them.
- 2 Sir Alastair Pilkington spoke about impressions gained during a recent visit to Mexico.

A letter dated 17 November 1980 from Lord Robens, giving notice of his resignation from the office of Director of the Bank from 28 February 1981, was laid before the Court:

Resolved

that this notice of resignation be communicated to the Chancellor of the Exchequer, pursuant to Clause 8(e) of the Charter of 1 March 1946.

*A. G. B. G. Assistant Secretary*  
*S. ii 81 5th February 1981*

*C. W. Mahon*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 FEBRUARY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

The Rt Hon Lord Robens of Woldingham

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

A statement of Official Reserves at the end of January was laid before the Court.



The current paper on Economic Developments Abroad was introduced by the Governor, who invited Mr Loehnis to speak. A discussion followed.

With reference to a Minute of 3 April 1980 the Governor invited the Deputy Governor to speak to the Court about the possible resumption of industrial liaison visits to Northern Ireland. After some discussion on the risks involved and the advantages to be gained it was agreed that further advice should be sought on the aspect of security.

The Governor spoke to the Court about a meeting of the National Economic Development Council which he had attended the previous day.

At the Governor's invitation, Lord Robens spoke about impressions gained during a recent visit to the United States of America.

*W. H. H. H.*

*Secretary.*

*12 February 1981.*

*C. W. H. H. H.*

*12 - 11 - 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 FEBRUARY 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

The Rt Hon Lord Robens of Woldingham

Sir David Edward Charles Steel, DSO, MC

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

A statement of the Banking Figures as at 21 January was laid before the Court. At the Governor's invitation, Mr Fforde commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by  $\frac{3}{8}$  during the six-week period, after seasonal adjustment.

The Economic Report for January was introduced by the Governor, who invited Mr Dow to speak: a brief discussion followed.

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Arising from the Annual Review of Staff -

- 1 A Report of the Staff Committee recommending certain gratuities was submitted and approved.
- 2 A Minute on gratuities to members of the Printing Works Staff, recommended by the Governors, was read and approved.

A statement of forthcoming retirements was laid before the Court.

At the Governor's invitation, Mr Blunden spoke to the Court on the following matters -

- (1) The case of [REDACTED], a former member of the staff, who had resigned from the Service in 1955 following a certain incident and who had recently addressed letters to all Members of the Court on the subject. It was agreed that it would not be appropriate, after the lapse of so many years, to re-open the particular circumstances of that resignation and the Secretary was instructed to reply to him, on behalf of Members of the Court, after having sought the advice of the Bank's lawyers.
- (2) Agreement which had recently been reached with HM Treasury on the Bank's cash limit for the year 1981/82 which, in real terms, would represent a reduction of 2%.

With reference to Minutes of 28 August 1980 and earlier about the relocation of the Registrar's Department, the Deputy Governor spoke to the Court about the situation and explained that, in the light of possible future developments, it was timely to make a re-appraisal of the appropriateness of a move out of London. He said that the Committee of Treasury had discussed the subject that morning and had supported a recommendation that a prospective move from London should be finally abandoned and had agreed that such a decision should be communicated to the staff of the

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Department as soon as possible in order to remove the uncertainty that existed. The Court expressed themselves in favour of those proposals and noted that an investigation of possible locations for the Department in or near London would probably be undertaken in due course, with a view to acquiring a building more suitable for future needs, but that no announcement of this should be made in the near future.

*H. G. G. G.*

*Secretary.*

*19 February 1981.*

*C. W. M. Mahon*

*19. 11. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 FEBRUARY 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Christopher Roderick Dow, Esq

Geoffrey Ayrton Drain, Esq CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

John Brangwyn Page, Esq

The Rt Hon Lord Robens of Woldingham

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Anthony David Loehnis, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

A statement of the Overseas Trade Figures for January was laid before the Court.

With reference to a Minute of the previous week, on the invitation of the Governor Mr Fforde introduced the Money and Banking Figures as at 21 January which indicated that during the six-week period sterling M3 had grown by 0.7%, after seasonal adjustment.

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A Report of the Committee to consider the Securities of Certain Funds, which recommended the adoption of a system of target ranges for the categories of assets held for the Pension Fund, was submitted and approved.

With reference to Minutes of 7 February 1980 and earlier, examples of the new £50 note were exhibited to the Court who gave their approval for the issue of the note in the following month. It was reported that supplies of the £1 note, incorporating the intaglio print, specimens of which were also laid before the Court, would be issued at the same time. In that connection, the Governor mentioned the suggestion that the Printing Works might be included in the programme for the disposal of public sector assets and said that the Bank's views on the matter had been clearly established with Ministers.

Arising from the Annual Review of Staff -

- 1 A Minute of the Committee of Treasury on appointments was read and approved.
- 2 A recommendation by the Deputy Governor on the award of a gratuity was approved.

At the Governor's invitation, Mr Blunden spoke to the Court about a dispute which had arisen in the course of negotiations between the Bank and the union on a new Scheme of Classification for the Building and Engineering Staff. He said that the union had recently instructed its members to work to rule, in breach of the Recognition and Procedure Agreement. In the meantime, in the clear interests of those staff who stood to benefit from the proposed new arrangements, the Bank had decided to put the Scheme into effect.

The Governor spoke to the Court about consideration which was being given to the crucial question of the Bank's future income and outlined ways in which the banking system might be expected to respond to the prospective situation by maintaining deposits with the Bank on a voluntary and involuntary basis.

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He said that there was no statutory authority for a scheme on the lines of that envisaged, which, if adopted, would mean that the present arrangements for paying over to H M Treasury excess profits of the Banking Department would have to be discontinued. There was little doubt that it was in the interests of the banking system to continue to have an independent central bank, a state of affairs for which the banks should be prepared to pay. The Governor said that all aspects of the difficult issue would be closely examined and he emphasised that there was no intention of moving to a situation in which the Bank's position might be adversely affected.

*J. H. [unclear]*  
Secretary.

26 February 1981.

*Roberts*

26/2/81.

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 FEBRUARY 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

John Brangwyn Page, Esq

The Rt Hon Lord Robens of Woldingham

Lord Weir

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Anthony David Loehnis, Esq

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to comment on the exchanges. Mr Fforde also mentioned the decision to make a temporary reduction in the banks' minimum reserve asset ratio from 10% to 8%, from 2 to 10 March, to alleviate liquidity shortages, expected to arise mainly as a result of Petroleum Revenue Tax payments.

With regard to Minutes of 29 January and earlier, the Deputy Governor commented on further updated lists of institutions authorised to take deposits under the Banking Act 1979, which had been published earlier that week. He also referred to the appeal which had been lodged by the

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████████████████████ against the Bank's refusal to accord it the status of a recognised bank.

The Quarterly Report of the Audit Committee and the Annual Review of the Audit Division programme, together with the Annual Review of the work of that Committee, were submitted and approved.

At the Deputy Governor's invitation -

- 1 Mr Page spoke about discussions which had been taking place with regard to the establishment of a financial futures market in London and a letter which the Bank proposed to publish indicating that, in principle, no objection was seen to the setting up of such a market.
- 2 With reference to a Minute of the previous week, Mr Blunden informed the Court of the likelihood of a satisfactory outcome of the dispute which had arisen in the course of negotiations on a new Scheme of Classification for the Building and Engineering Staff. [The dispute has subsequently been settled.]

On the proposal of the Deputy Governor, it was agreed to send a message of congratulations to HRH The Prince of Wales on the occasion of his engagement.

With regard to a Minute of the previous week about the Bank's future income, the Deputy Governor referred to the Background Note of 24 November 1980 which had described a number of improvements to be made to the existing framework of monetary control and he explained that discussion on the various proposals had been developing ahead of the forthcoming Budget. He recalled the ways in which it was proposed to secure the Bank's income by means of deposits from the banking system and said that, as a counterpart, the Bank would be unable to remit to HM Treasury more than the basic statutory dividend payment and were seeking assurance from HM Government that they would be prepared to consider



legislation if resistance to the proposals were to be encountered.

On the invitation of the Deputy Governor, Mr Fforde then outlined the various changes which were in prospect in the field of monetary control and spoke of the progress which had been made. He said that two discussion papers, in final draft form (one of which was on the subject of the liquidity of banks), would be available for circulation to Members on a confidential basis, prior to release in the following week. A brief discussion on aspects of the proposals followed.

The Deputy Governor reported that he had just been advised that HM The Queen had been pleased to approve the appointment to the Court of Mr Loehnis in the place of Mr Dow, whose term of office would expire on 28 February, and of Mr D G Scholey in the place of Lord Robens, who would be retiring on 28 February. Her Majesty had also been pleased to approve the reappointment to the Court of Sir Robert Clark, Sir David Steel and Mr Page. The Deputy Governor then expressed, on behalf of the Governor and himself, deep appreciation of the valuable contributions made by Lord Robens and Mr Dow as Members of the Court.

A Minute of the Committee of Treasury on an appointment was read and approved.

*[Handwritten signature]*

*Secretary*

*5 March 1981.*

*Cwm Ynallon*

*5. 3. 81*

## COURT OF DIRECTORS

For the year ending 28 February 1982

Declaration  
made beforeDate

The Rt Hon Gordon William Humphreys Richardson, MBE Governor  
 Christopher William McMahon Esq Deputy Governor  
 Lord Nelson of Stafford  
 Sir Jasper Quintus Hollom KBE  
 Leopold David de Rothschild Esq  
 Sir George Adrian Hayhurst Cadbury  
 John Standish Fforde Esq  
 Lord Weir  
 John Martin Clay Esq  
 Sir Hector Laing  
 Sir Lionel Alexander Bethune Pilkington FRS  
 George Blunden Esq

Deputy  
Governor

10. 3.81 /Sir Robert Anthony Clark DSC

Deputy  
Governor

5. 3.81 /Sir David Edward Charles Steel DSO MC

Geoffrey Ayrton Drain Esq CBE

Deputy  
Governor

3. 3.81 /John Brangwyn Page Esq

Deputy  
Governor

3. 3.81 \*Anthony David Loehnis Esq

Deputy  
Governor

5. 3.81 \*David Gerald Scholey Esq CBE

\*Appointed 1 March 1981

/Reappointed 1 March 1981

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 MARCH 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 A statement of Official Reserves at the end of February.
- 2 A Report from Mr Clay and Sir David Steel on their visit to the Birmingham Branch.

The current paper on Economic Developments Abroad was introduced by the Governor, who invited Mr Loehnis to speak; a brief discussion followed.

With reference to a Minute of the previous week, the Governor said that informal, and strictly confidential, consultations on the Bank's discussion papers on Monetary Control: Next Steps and The Liquidity of Banks had been held with some of the institutions affected and that further progress had been made on the drafting of the two papers. He then outlined the one point of substance which had arisen on the liquidity paper and two matters in connection with the note on monetary control. The Governor also mentioned certain other aspects which were being examined and advised the Court that although some redrafting of the papers would be necessary, it was hoped to be able to publish them before the forthcoming Budget, although it might not be possible to circulate the revised versions to Directors beforehand. Members of the Court were content to accept that eventuality.

With reference to Minutes of the previous week and earlier regarding the Bank's future income, the Governor spoke about the reactions to two matters which had been raised with the Chancellor of the Exchequer.

A Report of the Committee on Permanent Control of Expenditure was submitted and approved.

A Minute of the Committee of Treasury on the appointment and remuneration of Executive Directors was read and approved.

Pursuant to an Order of Court of 1 March 1946 regarding the Committee of Treasury, voting took place for the election of the Committee for the ensuing year.

The Governor spoke to the Court on the following matters -

- 1 His recent visit to Vienna at the invitation of the President of the Oesterreichische Nationalbank.
- 2 A meeting of the National Economic Development Council which he had attended the previous day.





3 The question of the attendance of Mr Dow, now an Adviser to the Governor. The Governor said that the Committee of Treasury had recommended that he should attend meetings of the Court regularly, but that if certain matters not relevant to his presence were due to be considered, then he might be asked to absent himself from the proceedings. The Court concurred.

*H. G. ...*

*Secretary.*

*12 March 1981.*

*John ...*

A COURT OF DIRECTORS AT THE BANK

TUESDAY 10 MARCH 1981

Present

Christopher William McMahon, Esq, Deputy Governor

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Branqwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

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The Deputy Governor apologised for having to summon Members at short notice. He referred to the matter of the Minimum Lending Rate and mentioned some developments that were relevant in that context, namely, a preliminary estimate which would be published that afternoon suggesting that sterling M3 might have grown by about 1%, after seasonal adjustment, during February; a continuation of the lower trend of private sector borrowing from the banks; and, more generally in the economy, as inflation had slackened, the rise in the level of real interest rates. He also said that the Chancellor of the Exchequer would announce in the House of Commons that afternoon a substantial reduction in the amount of the Public Sector Borrowing Requirement for the year 1981/82.

Against that background, it was considered that a reduction in Minimum Lending Rate could now be effected. Accordingly, and with the approval of the Chancellor of the Exchequer, he proposed that a change be made in the Bank's Minimum Lending Rate from 14% to 12%: and this was approved.

A brief discussion followed, after which, and with reference to a Minute of the previous week, the Deputy Governor informed Members that copies of revised versions of the Bank's two discussion papers would now be available at Thursday's Court, prior to publication that day.

*J. H. G. H.*

*Secretary.*

*12 March 1981.*

*John G. H.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 MARCH 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

The Minutes of the Courts of 5 March and 10 March, having been circulated, were approved.

The Governor commented on the weekly Figures and the state of the exchanges and invited Mr Fforde to speak about the domestic markets. Mr Fforde also mentioned a decision to make a further temporary reduction in the banks' minimum reserve asset ratio requirement, from 10% to 8%, until 30 April, to alleviate a prospective shortage in money markets, mainly on account of heavy official sales of gilt-edged stocks.

The Governor spoke to the Court on the following matters -

- 1 With reference to Minutes of 24 December 1980 and earlier, the final report from the Select Committee on the Treasury and Civil Service on monetary policy, which had been accorded wide press coverage.

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- 2 Reactions to the Chancellor of the Exchequer's Budget statement. He also commented on the proposed special tax on banking deposits.
- 3 The recent monthly meetings held at the Bank for International Settlements.
- 4 His meeting the previous day with the Chairmen of the London Clearing Banks.

A statement of the Banking Figures as at 18 February was laid before the Court. At the Governor's invitation, Mr Fforde commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by 1% during the month, after seasonal adjustment.

The Economic Report for February was introduced by the Governor, who invited Mr Dow to speak: a discussion followed.

With reference to Minutes of the previous week and earlier, the Governor informed the Court that the initial confidential consultative process on the Bank's discussion papers on Monetary Control: Next Steps and The Liquidity of Banks had been completed. In outlining the contents of the final versions of the two papers, which would be published later that day, the Governor drew attention to a paragraph in the note on monetary control which described the manner in which it was proposed to secure the Bank's future income.

The Annual Report of the Charitable Appeals Committee, which contained a recommendation that the target for donations in 1981 be increased, was submitted and approved.

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The Governor reported that the following had been elected Members of the Committee of Treasury for the ensuing year:-

LORD NELSON  
SIR JASPER HOLLOW  
MR de ROTHSCHILD  
SIR ADRIAN CADBURY  
SIR DAVID STEEL

A recommendation by the Governor on the appointment of Standing Committees, etc, for the ensuing year was read and approved.

At the Governor's invitation, Lord Nelson spoke about impressions gained during a recent visit to South Africa and Zimbabwe.

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

*19 March 1981.*

*John H. ...*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 MARCH 1981

Present

Christopher William McMahon, Esq, Deputy Governor

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and then commented on the exchanges.

The following were laid before the Court -

- 1 A statement of the Overseas Trade Figures for February.
- 2 A statement of Accounts of the Bank Provident Society for the year ended 30 November 1980.

With reference to a Minute of the previous week, on the invitation of the Deputy Governor Mr Fforde introduced the Money and Banking Figures as at 18 February which indicated that during the four-week period sterling M3 had grown by 0.9%, after

seasonal adjustment. Looking ahead to a recovery situation, a discussion on the question of the demand for borrowing by industrial and commercial companies followed.

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

- (1) With reference to Minutes of the previous week and earlier, press reaction to the Bank's two discussion papers on Monetary Control: Next Steps and The Liquidity of Banks which had been generally satisfactory.
- (2) Support which had been promised by the Banking, Insurance and Finance Union in an attempt to prevent payments of PAYE, and other items, being made directly to banks. So far, the Bank had not experienced any problems in that connection.
- (3) With reference to Minutes of 22 January and earlier about the operations relating to the release of the American hostages in Iran, a decision to maintain at the Bank for a further period of 30 days the [REDACTED] fund.

The Deputy Governor spoke to the Court about the estimated operating profit of the Banking Department for the year ended 28 February 1981. He mentioned the question of securing the Bank's future income (a Minute of 26 February refers) and he explained that it would be desirable to defer detailed discussions with HM Treasury on the level of the total dividend to be paid in respect of the year just ended until final figures were available and that it would therefore be preferable not to make an interim dividend payment, normally due on 5 April. The Deputy Governor said that the Treasury's initial reactions to these proposals, which met with the Court's approval, had been favourable.

*Ad*



With reference to Minutes of 5 February and earlier about industrial liaison visits to Northern Ireland, the Deputy Governor spoke about aspects of security and the general situation there. He said that, on the further advice obtained, it would seem reasonable to authorise a resumption of visits, on certain conditions. The Court concurred.

At the Deputy Governor's invitation, Sir David Steel spoke about impressions gained during a recent visit to South Africa; a brief discussion followed.

*A. J. Williams*  
*Deputy Secretary*

*26th March 1981*

*William of Refford*

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## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 MARCH 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Blunden spoke of the likely impact of BIFU's strikes on the banking system and its possible future effect on the Bank.
- 2 With reference to a Minute of the previous week, Mr Blunden described HM Treasury's more considered

reaction to the Bank's proposal not to make on this occasion the payment normally due on 5 April in lieu of dividend; and he reported the Committee of Treasury's recommendation, which the Court supported, that in the circumstances the Bank's response should be to propose instead that a payment of the same amount as had been made in 1979 and 1980 should be made on this occasion also.

- 3 Sir Jasper Hollom reported the recommendation of the Committee of Treasury, with which the Court agreed, that the present provision in the Court Pension Scheme for a flat rate benefit for death in service of three times remuneration should be increased to four times remuneration, that being the current maximum level of provision in the Staff Pension Scheme; to this should be added the proviso that any excess over three times remuneration should be convertible, at a member's option, into a widow's allowance.
- 4 Sir Jasper Hollom then reported a further recommendation of the Committee of Treasury, which the Court also accepted, arising from the death of Mr Holland-Martin, to the effect that no discretionary allowance should be made to his widow, as inquiries made on behalf of the Trustees had shown that her circumstances were satisfactory.
- 5 Mr de Rothschild spoke about impressions gained during a recent visit to Mexico.

The Governor also spoke to the Court on the following matters -

- 1 With reference to Minutes of 26 February and earlier, the publication of further updated

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lists of institutions authorised to take deposits under the Banking Act 1979. He pointed out that, under the terms of the Act, a decision had to be reached by the Bank by 31 March on the six institutions still awaiting a decision about their status. He mentioned that several appeals were still outstanding. At his invitation, Mr Page then added further details of the current position.

- 2 The success of the previous week's visit by the Queen and the Duke of Edinburgh to the Printing Works; he read to Members a letter of thanks and appreciation from the Palace.
- 3 The Chancellor of the Exchequer's recent appearance before the Select Committee on the Treasury and Civil Service; he informed the Court that he would himself be appearing before the Committee the following Monday afternoon.

A statement of a forthcoming retirement was laid before the Court and, in that connection, a Minute of the Committee of Treasury on an ex gratia payment was read and approved.

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed -

A Deed of Variation, in duplicate, relating to the Court Pension Scheme;

A Deed of Dedication relating to the Newcastle Branch;

the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

*W. G. Page*  
Secretary  
2 April 1981.

*J. L. H.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 APRIL 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Leopold David de Rothschild, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Holland, the Chief Adviser in charge of the International Division, to attend and speak about the exchanges.

The Governor spoke to the Court on the following matters -

- 1 With reference to a Minute of the previous week, his recent appearance before the Select Committee on the Treasury and Civil Service. The session had been largely concerned with monetary questions arising out of the Budget statement and of the Bank's two recent discussion papers, and also with the general prospects for the economy.

- 2 The recent visit to London of Dr Manuel Ulloa, the Peruvian Prime Minister and Minister of Economy, Finance and Commerce, which had included a luncheon at the Bank.
- 3 A meeting of the National Economic Development Council which he had attended the previous day.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Blunden spoke about disruption caused by recent industrial action in one clearing bank and a ballot on the present pay offer which had been conducted by the Clearing Bank Union. He also commented on the effects of the current pay dispute in different departments of the Civil Service.
- 2 Mr Dow spoke to the Court about the Assessment and other contents of the March edition of the Quarterly Bulletin, which had been published earlier that week: a brief discussion followed. He also drew attention to the fourth and last in the experimental series of issues of Bank Briefing, which would henceforth be published quarterly on a regular basis. The Court agreed that it was a worthwhile publication.

With reference to a Minute of the previous week regarding the estimated operating profit of the Banking Department and the question of the interim payment to HM Treasury, in lieu of dividend, normally due on 5 April, a recommendation by the Governor that a payment of £2,500,000 be made to the Treasury, pursuant to Section 1(4) of the Bank of England Act, 1946, was approved.

*AM*

The Governor commented in general terms on the Official Reserves figures at the end of March, which were due to be published that afternoon.

*Commemoration*

*A. J. Williams*

*Deputy Secretary of the Bank*

*9. 4. 81*

*9. 4. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 APRIL 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 With reference to a Minute of the previous week, a statement of Official Reserves at the end of March.



- 2 A statement of the Banking Figures as at 18 March. At the Governor's invitation, Mr Fforde commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by  $\frac{3}{8}$  during the month, after seasonal adjustment.

With reference to Minutes of 26 March and earlier, the Governor commented on further updated lists of institutions authorised to take deposits under the Banking Act 1979 and confirmed that decisions had been reached by 31 March, as provided by the Act, on the six institutions that had been awaiting a decision about their status.

The Governor also spoke to the Court (Lord Weir and Mr Clay having withdrawn in accordance with Clause 10 of the Charter) about the problems that had arisen from an offer for the Royal Bank of Scotland recently made by the Hongkong and Shanghai Banking Corporation, of whose London Committee Lord Weir was a member, and to which Hambros Bank was an adviser; and a discussion followed.

The current paper on Economic Developments Abroad was introduced by the Governor, who invited Mr Loehnis to speak. A discussion followed, in which it was suggested that recent papers produced in the Bank on Germany and Japan should be circulated to Members.

At the Governor's invitation -

- 1 Mr Loehnis spoke about impressions gained during a recent visit to the Middle East.
- 2 With reference to a Minute of the previous week, Mr Blunden spoke about the continuing disruption caused by a dispute over pay claims in the banking industry and outlined his views of likely future developments.

The Governor mentioned that Sir Robert Clark had been invited to become a member of the National Institute of Economic and Social Research.

*A. J. Robinson*  
 Secretary of the Bank 16/4/81  
 16.4.81

*C. W. M. Mahon*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 APRIL 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited the Deputy Governor to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Goodhart, a Chief Adviser in the Economics Division, attended and spoke about the Money and Banking Figures as at 18 March, which indicated that during the four-week period sterling M3 had grown by 0.7%, after seasonal adjustment. He also commented on the Quarterly Analysis of Bank Advances as at 18 February.

- 2 Mr Dow introduced the Economic Report for March: a discussion followed.
- 3 With reference to a Minute of the previous week, Mr Loehnis commented on the two papers recently prepared in the Bank on Japan and Germany and which had been sent to all Members. A discussion followed, in which appreciation was expressed for the quality of the Reports.
- 4 Sir Hector Laing introduced a Report of the Debden Committee covering the Annual Report and draft Accounts of the Printing Works for the year ended 28 February 1981. In describing the main developments during the period, he drew attention to the improvements in productivity that had been achieved. He also mentioned that this would be the last Report submitted by Mr Cabbage, and said he wished to place on record his Committee's high regard for Mr Cabbage and his contribution to the successes of the Printing Works. At the Governor's suggestion, the Court associated itself with those remarks and asked for them to be conveyed to Mr Cabbage.
- 5 Mr Blunden spoke about the implications for the pay settlement with the Printing Works staff of the settlement expected in the national printing trades pay round negotiations.
- 6 Mr Blunden also reported on the recent meeting with the Union regarding the pay claim for Bank staff.
- 7 Lord Nelson spoke briefly about impressions gained during his recent visit to Canada and Sir David Steel also commented on his visit there and to the United States.

The Governor spoke to the Court on the following matters -

- 1 With reference to Minutes of 19 March and earlier, the agreement to maintain at the Bank for a further period of 30 days the [redacted] fund, and said that it had now been decided to extend that period for a further 30 days.

- 2 With reference to Minutes of the previous week and earlier, the current position in respect of the pay disputes affecting commercial banks and the Civil Service.
  
- 3 The intention that the Bank, as one of the Privileged Bodies entitled to do so, should present a Loyal Address sometime in July on the occasion of the engagement of the Prince of Wales: a draft text for the Address would be laid before Court as soon as possible.

Two letters from Messrs Freshfields having been submitted together with four documents to be sealed -

A Deed of Covenant with the Charities Aid Foundation

Three Deeds of Indemnity relating to the Bank's Nominee Companies

the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

With reference to a Minute of the previous week (Lord Weir and Mr Clay having withdrawn in accordance with Clause 10 of the Charter), the Governor informed the Court of the present situation regarding the bids for the Royal Bank of Scotland and their implications, and referred to the Bank's submission that had been sent the previous day to the Office of Fair Trading, copies of which Members had before them.

*A. J. East*  
 Assistant Secretary of the Bank  
 23 April 1981

*John of Bradford.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 APRIL 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to comment on the exchanges.

A Report of the Staff Committee covering the Chief of Corporate Services' annual review of Salary Policy and Fringe Benefits was laid before the Court. A brief discussion on the arrangements for funding the Staff Pension Fund followed.

The following were submitted and approved:-

- 1 A Report of the Registrar's Department Liaison Committee regarding their terms of reference.
- 2 A Report of the Trustees of the Court Pension Scheme containing a recommendation regarding the administration of the Scheme.

At the Deputy Governor's invitation:-

- 1 With reference to Minutes of the previous week and earlier, Mr Blunden spoke about the latest developments in respect of the pay disputes affecting commercial banks and in particular about the minimal effect on the Bank of the industrial action taken by some commercial bank staff on the previous day.
- 2 Mr Page introduced a paper (entitled Foreign Currency Exposure), to be issued the following day to every recognised bank and licensed deposit-taking institution, which sets out the basis on which the Bank will measure, monitor and discuss exposure to movements in exchange rates.
- 3 Sir Adrian Cadbury spoke about impressions gained during a recent visit to Turkey.

The Deputy Governor informed the Court that it would be announced during the following week that A A WEISSMULLER who in November 1979 had been appointed a Chief Adviser, for a period of two years, to work primarily in the field of banking supervision and who had made a valuable contribution in that field, would be leaving the Bank shortly to take up an appointment as head of the London Office of Banca Commerciale Italiana on 1 June next.

*AW*

Lord Weir and Mr Clay having withdrawn in accordance with Clause 10 of the Charter, the Deputy Governor spoke to the Court with reference to a Minute of the previous week about the renewed bid by Standard Chartered Bank Limited for the Royal Bank of Scotland, acceptance of which had been recommended by the board of the Royal Bank. It was possible that the decision by the Secretary of State for Trade on whether or not the bids should be referred to the Monopolies and Mergers Commission would be made during the following week.

*A. J. Williams*  
 Secretary of the Bank

30.4.81

*C. W. M. M. M. M.*

30.4.81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 30 APRIL 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

The Six-monthly Report of the Committee to consider the Securities of Certain Funds was submitted and approved.

A Report of the Committee on Bank Premises concerning a project for the modernisation of the engineering services in Head Office was submitted. At the Governor's invitation, Lord Nelson explained the background to the Committee's



choice of Pell Frischmann & Partners to carry out the second stage of the project. Despite the complexity of the factors affecting the project, including the need for the Bank to go on operating during the process of modernisation, the Committee had felt that the Bank had little choice but to proceed with it. Pell Frischmann's approach had seemed to the Committee to be the most realistic. In discussion it was established that, after the second stage had been completed, the Court would still have the choice of deciding not to go any further. There was no commitment to continue with Pell Frischmann, or indeed to go ahead at all, although it must be regarded as likely that we would wish to do so. The Court gave approval for the project to proceed as outlined in the Committee's Report.

Sir Robert Clark was granted permission to become a non-executive director of UDS Group Limited.

At the Governor's invitation, Mr Fforde spoke about the pay disputes involving certain commercial banking staff and civil servants. There seemed to have been no recent developments of significance, and fears expressed earlier about the collection of revenues in the second month of the Civil Service dispute were somewhat exaggerated.

The Governor spoke to the Court -

- (i) About a proposal for a City wedding present to HRH The Prince of Wales, referring to a discussion at the meeting of the Committee of Treasury earlier that day, and Members concurred with the approach being followed by the Governor in consultation with the Lord Mayor.
- (ii) With reference to a Minute of the previous week concerning the bids for the Royal Bank of Scotland, Lord Weir and Mr Clay having withdrawn in accordance with Clause 10 of the Charter. No further bid had been made by the Hongkong & Shanghai Banking

Corporation; and although, if the case were to be referred to it, the Monopolies and Mergers Commission would by no means constitute an ideal forum in view of the wide issues raised by this case, which hardly included any question of monopoly, it would at least provide an opportunity for the national interest to be taken into account. There was no other method open to us which would provide this opportunity.

- (iii) About the Annual General Meeting of the Sports Club, which he had chaired on the previous evening. The Governor mentioned that the Club appeared active and involved a considerable number of the staff, and that he had been asked to convey to the Court the Club's thanks to the Bank for their support.

*A. J. Williams*

*Secretary of the Bank*

7.6.81

*C. W. M. Malton*

7. V. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 7 MAY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 A statement of Official Reserves at the end of April.

- 2 A statement of the Banking Figures as at 15 April. At the Governor's invitation, Mr Fforde commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by 2½ during the month, after seasonal adjustment; however, the position was confused by the effect of the Civil Service pay dispute.
- 3 The current paper on Economic Developments Abroad. At the Governor's invitation, Mr Loehnis opened a discussion, in which particular reference was made to the position in Germany and the United States.
- 4 Two notes about the course of the recession in the United Kingdom. The Governor asked Mr Dow to introduce them and a discussion followed, bearing particularly on the problems of determining, and then making appropriate responses to, the stage reached in the cycle.

The Governor spoke to the Court on the following matters -

- 1 With reference to Minutes of 9 April and earlier, the publication of further updated lists of recognised banks and of institutions authorised to take deposits under the Banking Act 1979. Mr Page then explained the current position as regards certain appeals made against decisions taken by the Bank.
- 2 A meeting of the National Economic Development Council which he had attended the previous day.
- 3 Some impressions he had gained at a reception on 5 May to mark the launching of the Business Opportunities Programme.

At the Governor's invitation -

- 1 Mr Loehnis spoke about his recent visit to the United States.
- 2 The Deputy Governor informed Members of the plan to expand the distribution and readership of the Bank's publication "Bank Briefing".

A letter from Messrs Freshfields was submitted together with a document to be sealed, namely a Deed of Covenant relating to the purchase of a house in London. At the Governor's invitation, Mr Blunden explained the background to the transaction.

The Court approved of the Deed and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

A recommendation by the Governor on the renewal of an appointment at the Central Foundation Schools of London was read and approved.

The Governor mentioned that Sir David Steel had been invited to become Chairman of the Wellcome Trust.

*A. J. Williams*  
 Secretary of the Bank

*John of Bedford*

*14th May 1981*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 MAY 1981

present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Fforde introduced the Money and Banking Figures as at 15 April which indicated that during the four-week period sterling M3 had grown by 2%, after seasonal adjustment, although,

if allowance was made for the effects of the Civil Service strike, the underlying growth must have been considerably less. The monetary situation, which was thus becoming increasingly obscure, was also reflected in a larger Central Government Borrowing Requirement than would otherwise have occurred. He drew attention to the main features of the direction of bank lending at present, and a discussion followed, mainly about the significance of the banks' lending to persons.

- 2 Mr Dow introduced the Economic Report for April: a discussion followed, which centred particularly on the continued decline in the profitability of companies.

The Governor spoke to the Court about -

- 1 The recent monthly meetings at the Bank for International Settlements.
- 2 The visit to this country of the President of Ghana.
- 3 With reference to a Minute of 16 April, the Loyal Address to be presented to HM The Queen on the occasion of the marriage of HRH The Prince of Wales. A draft of the text was laid before the Court and the views of Members were invited on it.

*A. J. T. Williams*  
*Secretary of the Bank*

*21st May 1981*

*John of Stafford*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 MAY 1981

Present

Christopher William McManon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Coleby, Assistant Director, Money Markets Division, and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the domestic and external markets, respectively. A short discussion followed, mainly about the position of the French franc.

A Report of the Staff Committee on an increase in pensions and allowances was submitted. The interests of four Members of the Court and the potential interest of another having been declared, and after discussion on the lines of that in the Committee of Treasury, the Report was approved.

With reference to a Minute of 16 April, at the Deputy Governor's invitation Mr Blunden informed the Court of recent developments



in this year's pay negotiations. He explained that he should be in a position in, say, two weeks' time to give a clearer account of the likely outcome. As regards the Reclassification of the Building and Engineering Staff, partial agreement had already been achieved but recourse to arbitration to resolve a difference over the appropriate analogue seemed probable.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

An Underlease relating to a letting at the Bristol Branch

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

The Deputy Governor spoke to the Court on the following matters:-

- 1 With reference to Minutes of 16 April and earlier, the agreement to maintain at the Bank for a further period of 30 days the [redacted] Account; he said that it had been agreed to extend that period for a further 30 days, until 19 June. There was discussion of the prospect of finding another depository.
- 2 Meetings attended by the Governor in Libreville, Gabon and by himself in Paris (Working Party 3).
- 3 With reference to a Minute of the previous week, the Loyal Address to be presented to HM The Queen on the occasion of the marriage of HRH The Prince of Wales. A revised text was laid before the Court and approved for submission to the Palace via the Home Office.

*A. J. T. Williams*  
 Secretary of the Bank  
 28.5.81

*C. W. M. Chalton*

28. V. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 MAY 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The Governor spoke to the Court about

- (1) Proposals for a Selective Severance Scheme, which had previously been discussed by the Committee of Treasury and the Staff Committee; and, at his invitation, Mr Galpin, Chief of Corporate Services, attended Court for this item in Mr Blunden's absence. A discussion followed.

- (2) The meetings he had recently attended at Libreville, Gabon, of representatives of the Group of Ten Countries and of the IMF Interim Committee.
- (3) The speech he had made the previous day at the Financial Times luncheon for the Foreign Banking Community.
- (4) The forthcoming action by the Burmah Oil Company against the Bank.
- (5) The unveiling, at a ceremony projected for 16 July, of a plaque to commemorate the late Sir Edward Peacock.

The Quarterly Report of the Audit Committee was submitted and, at the Governor's invitation, Sir Jasper Hollom spoke to the Court about the effect on the work of the Audit Division of changes in its staff and in the organisation of the Bank, and drew attention to some areas of particular difficulty in the Division's work, which was nevertheless proceeding satisfactorily. After a brief discussion, the Report was approved.

With reference to a Minute of 30 April about a City wedding present for HRH The Prince of Wales, the Governor informed the Court that all the agreed contributions had been paid or committed by the various City institutions and associations, under the joint leadership of the Lord Mayor and the Bank, towards the target of £25,000. It remained, therefore, for the Bank to make its own contribution, and, the Court having agreed to make up any shortfall between the other City contributions and the target figure, it was

RESOLVED

that a contribution of £1,250 be made to the City Wedding Present Fund for HRH The Prince of Wales and the Lady Diana Spencer.

*A. J. Williams*  
*Secretary of the Bank*  
4.6.81

*Commotion*

4. vi. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 4 JUNE 1981

## Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq


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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to comment on the exchanges. A brief discussion followed, particularly about the recent weakening of sterling.

The following were laid before the Court -

- 1 A statement of Official Reserves at the end of May.
- 2 A statement of a secondment.

The draft Accounts of the Bank for the year ended 28 February 1981 were also laid before the Court, and the Deputy Governor said that provisional approval of them would be



sought at the next Court. He then drew attention to their salient features and, referring to the discussion by the Committee of Treasury that morning, explained the arguments which might be used when discussions were opened about the payment to be made to HM Treasury in lieu of dividend. A discussion followed, reflecting mainly the points made in the meeting of Committee of Treasury.

With reference to Minutes of 21 May and earlier concerning the presentation of a Loyal Address on the occasion of the marriage of HRH The Prince of Wales, the Deputy Governor spoke about the composition of the delegation from the Bank to present the Address to HM The Queen on 23 July and the Court agreed that the members of the Deputation should be

The Governor  
The Deputy Governor  
The Secretary.

The Deputy Governor also spoke to the Court about the case being brought against the Bank by the Burmah Oil Company.

*A. F. T. Williams*  
Secretary of the Bank  
11.6.81

*C. W. M. Mather*  
11. VI. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 11 JUNE 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
John Martin Clay, Esq  
Leopold David de Rothschild, Esq  
John Standish Fforde, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
John Brangwyn Page, Esq  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of the previous week, the draft Accounts of the Bank for the year ended 28 February 1981 were laid before the Court for the second time. At the Governor's invitation, the Deputy Governor spoke about the level of the final payment to be made to HM Treasury in lieu of dividend, and was given discretion by the Court to negotiate with the Treasury on the basis he proposed. His suggestion that the provisional approval of the draft Accounts should be deferred until the next meeting of the Court was accepted.

At the Governor's invitation, Mr Blunden informed the Court of the latest developments in this year's pay negotiations, in particular the conciliation meeting with the Union on 9 June under the auspices of ACAS. He explained the approach which he felt should now be adopted by the Bank and which reflected the views of the Staff Committee. A discussion followed, mainly on the lines of that in the Committee of Treasury, but drawing attention to the risk that an offer in line with that made to the Civil Service staff could induce the Union to recommend supporting industrial action being undertaken by members of the Civil Service; and it was agreed that the discussion would be resumed at the next Court in the light of further proposals.

*A. J. Williams*  
*Secretary of the Bank*  
*18.6.81*

*C. W. M. Manton*

*18. VI. 81*



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 18 JUNE 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of 28 May the Governor spoke to the Court about proposals for a Selective Severance Scheme and, at his invitation, Mr Galpin, Chief of Corporate Services, attended Court to introduce an explanatory note on this subject and a draft Notice to Staff. A brief discussion followed and it was agreed that the Scheme should be put into effect as proposed.



With reference to Minutes of the previous week and earlier, the Governor opened a further discussion of the position which the Bank should adopt in this year's negotiations for a pay settlement; and, referring to a request made at the meetings of the Committee of Treasury and Court the previous week, he drew the Court's attention to a list of pay settlements made in the public sector. At his invitation, Mr Blunden then recalled the background to the situation, and presented fresh proposals, on the lines of those he had made at the meeting of the Committee of Treasury that day. He added that such a settlement would apply only to Scales 1-9; he was not at that stage recommending any decision about the increase to be awarded to the senior scales, but drew attention to the decision that Court would have to take when the main settlement had been agreed. After further discussion, the Court's approval was given to the negotiating position recommended by Mr Blunden.

At the Governor's invitation -

- 1 Mr Fforde introduced the Money and Banking Figures as at 20 May which indicated that during the five-week period sterling M3 had grown by 1½%, after seasonal adjustment. Although the position remained confused by the effect of the Civil Service pay dispute, it was likely that the underlying rate of monetary growth over recent months had remained within the target range.
- 2 Mr Fforde also explained to the Court the stage that had now been reached in the Bank's discussions with the commercial banks and other financial institutions about the new arrangements for monetary control.
- 3 Sir David Steel and the Deputy Governor described the background to the British Petroleum Company's rights issue that had been announced that day.
- 4 The Deputy Governor mentioned that he and Mr W P Cooke, the Head of Banking Supervision,



would be appearing the next day before the Monopolies and Mergers Commission in connection with the bids that had been made for the equity of the Royal Bank of Scotland.

The following were laid before the Court -

- 1 The Economic Report for May.
- 2 The June edition of the Quarterly Bulletin, which was to be published later that day, together with an edition of Bank Briefing. At the Governor's invitation, Mr Dow drew the attention of Members to the salient features of the Bulletin; a brief discussion followed, particularly on the evidence that productivity had improved during the recession.
- 3 The current paper on Economic Developments Abroad, which Mr Loehnis introduced at the Governor's invitation.
- 4 A statement of two forthcoming retirements.
- 5 A note of names of interest to the Bank in the Birthday Honours list.

The Governor spoke to the Court on the following -

- 1 With reference to Minutes of 7 May and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979, and also of a list of overseas deposit-taking institutions which had established representative offices in the United Kingdom.

*AW*

- 2 With reference to Minutes of 21 May and earlier, the agreement to maintain at the Bank for a further period of 30 days the [redacted] Account; he said that it had been agreed to extend that period for a further 21 days, until 10 July.
- 3 The trial of the case that had been brought against the Bank by the Burmah Oil Company.
- 4 The recent meetings he had attended in Basle and Luxembourg.

*A. J. Williams*  
*Secretary of the Bank*

*25th June 1951*

*See*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 25 JUNE 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
John Martin Clay, Esq  
Leopold David de Rothschild, Esq  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
John Brangwyn Page, Esq  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to Minutes of the previous week and earlier, the Accounts of the Bank for the year ended 28 February 1981 were again laid before the Court. At the Governor's invitation, Mr Blunden spoke to the Court, in the terms of his previous statement to the Committee of Treasury, about the recent discussions with HM Treasury in respect of the total payment to be made by the Bank in lieu of dividend. He reported that the Treasury had indicated that they would be



prepared to recommend to Ministers a figure of £15 million for that year, without prejudice on either side as regards their respective negotiating positions in the future. The Court expressed the view that, in the particular circumstances, a total payment of that amount would be tolerable, and gave their provisional approval to the Bank's Accounts on that basis.


The following were laid before the Court -

- 1 A Report from Sir Adrian Cadbury and Mr Drain on their visit to the Manchester Branch.
- 2 A statement of a secondment.

At the Governor's invitation -

- 1 Mr Loehnis commented upon a paper on Italy which had been prepared in the Bank and sent to all Members. A brief discussion followed.
- 2 With reference to Minutes of the previous week and earlier, Mr Blunden informed the Court of the developments in this year's pay negotiations since the last meeting of the Court.
- 3 With reference to a Minute of the previous week, Mr Blunden asked for the assistance of Members, where appropriate, in connection with employment opportunities outside the Bank for Bank staff taking advantage of the Selective Severance Scheme.

The following were submitted and approved -

- 1 A Report of the Committee on Permanent Control of Expenditure.
  - 2 The Quarterly Report of the Charitable Appeals Committee.
  - 3 A Minute of the Charitable Appeals Committee on the granting of a donation.
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The Governor spoke to the Court on the following -

- 1 With reference to a Minute of the previous week, the reactions of the press and other media to the publication, on the previous Thursday, of the June edition of the Quarterly Bulletin.
- 2 With reference to a Minute of 26 March, the presentation to each Member of a commemorative booklet containing photographs of the Royal Visit to the Printing Works, together with a copy of the 25th anniversary issue of the Britannia Quarterly. He noted that copies of the booklet would be sent to each member of the Royal party.
- 3 A development concerning the Glasgow Agency.

*A. J. Williams*  
*Secretary of the Bank*  
*2.7.81*

*See*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 JULY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
John Martin Clay, Esq  
Leopold David de Rothschild, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
John Brangwyn Page, Esq  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. There was a brief discussion of developments in the latter area.

With reference to Minutes of the previous week and earlier regarding the Accounts of the Bank, it was reported that a total payment of £15 million in lieu of dividend for the year ended 28 February 1981 would be acceptable to H M Treasury.



The Accounts of the Bank, which now reflected that payment, were again laid before the Court, together with a Minute of the Committee of Treasury recommending that the Accounts be approved and signed, and the Court agreed thereto.

The Analysis of Bank Advances and Acceptances as at 20 May was laid before the Court and at the Governor's invitation Mr Fforde drew attention in particular to the increase in lending to the personal sector, including the growth of clearing bank participation in the market for housing finance.

With reference to Minutes of the previous week and earlier regarding the pay negotiations, the Governor informed the Court that the Union had, on 26 June, accepted the Bank's offer of a  $7\frac{1}{2}\%$  increase, as from 1 July, for the staff in the bargaining unit. At the Governor's invitation, Mr Blunden then introduced a discussion, reflecting that in the Committee of Treasury, on the treatment of staff above the bargaining unit, and the Court agreed that an increase of  $7\frac{1}{2}\%$  should also be applied to staff on Scales 11a, 11b and 12.

The Governor spoke to the Court on the following -

- 1 In general terms, on the Official Reserves figures at the end of June, which were due to be published that afternoon.
- 2 A meeting of the National Economic Development Council which he had attended the previous day.
- 3 The forthcoming judgment of the Burmah Oil Company's case against the Bank, due to be delivered on 3 July.
- 4 The City Wedding Present to HRH The Prince of Wales.
- 5 The Bank's contribution to an Appeal from the City University Centre for Banking and International Finance.

At the Governor's invitation Mr Page spoke to the Court about the second Annual Report on Banking Supervision, made in pursuance of Section 4 (i) of the Banking Act 1979. It was agreed that the Report should now be submitted to the Chancellor of the Exchequer.

With reference to Minutes of 4 June and earlier concerning the Loyal Address to be presented to HM The Queen on the occasion of the marriage of HRH The Prince of Wales -

the Court approved thereof and

ORDERED

that the Address be sealed with the Common Seal of the Bank.

*A. J. Williams*  
*Secretary of the Bank*  
9.7.81

*C. W. M. M. M. M.*  
9. vii. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 JULY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Their remarks were followed by a short discussion, in which the Governor drew attention to significant features in the markets in the past week and to the flexible working of monetary policy.

The following were laid before the Court:-

- 1 With reference to a Minute of the previous week, a statement of Official Reserves at the end of June, on which the Governor commented.



- 2 A statement of the Banking Figures as at 17 June. At the Governor's invitation, Mr Fforde commented on the eligible liability figures and a preliminary estimate which suggested that sterling M3 might have grown by  $\frac{1}{4}\%$  during the month, after seasonal adjustment. Despite the confusing effect of the Civil Service dispute it appeared that the underlying growth of sterling M3 during the current target period was probably within the 6% to 10% range.
  
- 3 The current paper on Economic Developments Abroad. This, which consisted of the Bank's current World Economic Forecast, was introduced by Mr Loehnis at the Governor's invitation and was found to be of considerable interest to the Court. In the discussion that arose, the point was made that, although it might be desirable for the paper to compare the UK position directly with the forecasts for our main competitors, this would be difficult because the forecasts referred to in the paper were used as a basis for projecting the UK position. It was also noted that economic prospects in other countries did not appear particularly favourable so far as this country was concerned.
  
- 4 A Report from Lord Nelson and Mr Page on their visit to the Bristol Branch, on which the Deputy Governor commented briefly at the Governor's invitation. He explained that he would wish to deal at a subsequent Meeting with certain questions arising from arrangements made with the clearing banks to hold notes to the Bank's order.
  
- 5 Reports of the Advisory Committee of the Houblon-Norman Fund. At the Governor's invitation, the Deputy Governor informed the Court that, following the conclusion that too many of the smaller projects for which awards were sought were of doubtful quality and often of very little relevance to the Bank, it had been agreed experimentally to

*AM*

award a Fellowship which would be tenable in the Bank for one year. Although its cost (around £16,500) would account for almost all the estimated income of the Fund for 1981/82, it had been decided to continue to make some of the normal awards by drawing on the Fund's reserves. Fewer awards had been made than usual though for rather higher average amounts, and the quality of the successful applicants appeared well above that of recent years. It was considered right for the Trustees to offer a Fellowship again for 1982/83 and probably some further "normal" grants. In the light of the experience gained a decision could be taken on how to proceed thereafter. Since there was a reluctance to abandon the awarding of "normal" grants altogether, it might be that Fellowships would be awarded only every other year.

A Report of the Committee to consider the Securities of Certain Funds, which recommended a widening of the target range for one sector of the Pension Fund's securities, was submitted and approved, after Mr de Rothschild had explained the reason for the proposed change.

The Governor spoke to the Court on the following:-

- 1 With reference to Minutes of 18 June and earlier, about the agreement to maintain at the Bank the [redacted] Account; he said that it had been agreed to extend the period for a further seven days, namely until 17 July.
- 2 The proposal that the Prime Minister should give a luncheon at the Bank on 29 July after the Royal Wedding. The Court shared the Governor's view that this was a commitment which he was right to accept.
- 3 With reference to Minutes of the previous week and earlier, the favourable outcome of the case that had been brought against the Bank by the Burmah Oil Company,



noting that the judgment had completely exonerated the Bank. In a short discussion, those concerned with presenting the Bank's case were congratulated.

- 4 Developments at the Newcastle Branch and, with reference to a Minute of the Meeting on 25 June, the Glasgow Agency. At his invitation, Mr Page and Mr Blunden spoke in turn to Members as at the Meeting of the Committee of Treasury that day. After a brief discussion, the Court expressed agreement with their proposals.

A Minute of the Committee of Treasury on an appointment was read and approved.

*A. J. Williams*

*C. W. Malton*

*Secretary of the Bank*

*16. VII. 81*

*16.7.81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 JULY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. A short discussion followed.

With reference to a Minute of the previous week, at the invitation of the Governor Mr Fforde introduced the Money and Banking Figures as at 17 June, which showed that during the four-week period sterling M3 had grown by 0.2%, after seasonal adjustment. In discussion, attention was drawn to the rise in the volume of foreign currency deposits held by UK residents, which was now becoming a matter of some concern. The question of the time required for a return



to normal conditions when the Government's current dispute with the Civil Service unions had ended was also raised.

In this connection, the Governor sought, and obtained, the Court's agreement that they would, if the need arose, ratify after the event calls that the Bank might have to make at short notice for Special Deposits from the banks to absorb surplus liquidity.

The following were laid before the Court -

- 1 The Economic Report for June. At the Governor's invitation, Mr Dow spoke to the Court about its main features.
- 2 A statement of two forthcoming retirements. The Governor referred in particular to that of the General Manager of the Printing Works, and then, at his invitation, Mr Blunden indicated that the retiring General Manager's services would be retained for a time for certain consultancy purposes and also in connection with projected historical work about the Printing Works.
- 3 A Minute of the Committee of Treasury on the Annual Report and Accounts of the Bank for the year ended 28 February 1981, which was approved, subject to the deletion of one phrase, after the Deputy Governor had explained to the Court the reasons for omitting from the Report the traditional review of Domestic Monetary and External Policy.

At the Governor's invitation, and with reference to a Minute of the previous meeting -

- 1 Mr Page described, in the sense of his earlier report to the Committee of Treasury, his further negotiations for the disposal to the Royal Bank of Scotland of the Glasgow Agency's building; and the Court accepted the





recommendation of the Committee of Treasury that the building should be sold on the terms described.

- 2 Mr Blunden spoke to the Court about the staff redundancies at the Newcastle Branch.

With reference to Minutes of 2 July and earlier, the Governor informed the Court of the arrangements proposed for beginning the next Meeting in view of the presentation of the Loyal Address at the Palace on 23 July.

*A. J. T. Williams*  
*Secretary of the Bank*

23.7.81.

*C. W. McMahon*

23. vii. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 JULY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

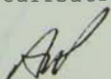
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The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 The Report and Accounts of EBS Investments Limited, a wholly-owned subsidiary of the Bank, for the year ended 28 February 1981. At the Governor's invitation, Mr Somerset, Chief of the Banking Department, attended in his capacity as Chairman of EBS Investments Limited and spoke about the company's Accounts. A short discussion followed, from which it was concluded that the realisation of the assets was proceeding satisfactorily.



- 2 A statement of a secondment.

The Governor spoke to the Court on the following:-

- 1 With reference to Minutes of 18 June and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979. With reference to a Minute of 22 January he added that the Chancellor of the Exchequer had rejected the appeal lodged by [REDACTED] against the Bank's refusal to grant it recognition as a Bank. At his invitation, Mr Page then explained to the Court certain implications of the Chancellor's decision, and mentioned a minor change to the Annual Report under the Banking Act 1979 (approved by the Court at the Meeting of 2 July) which had been made necessary by the outcome of the appeal. He also described the state of two other appeals against decisions by the Bank.
- 2 With reference to Minutes of 9 July and earlier, the agreement to maintain at the Bank the [REDACTED] Account, pointing out that it had been agreed to extend the period for a further 28 days, namely until 14 August.
- 3 With reference to a Minute of 28 May, the unveiling of the Peacock Plaque on 16 July and the speech made by Lord Cobbold on that occasion.
- 4 With reference to Minutes of 16 July and earlier, the presentation of the Loyal Address at Buckingham Palace that morning; he read to the Court the reply that HM The Queen had been graciously pleased to make.
- 5 With reference to a Minute of 9 July, the luncheon to be held at the Bank by the Prime Minister on 29 July.

At the Governor's invitation -

*Ad*

- 1 Mr Page spoke to the Court, with reference to Minutes of 16 July and earlier, about the position with regard to the sale to the Royal Bank of Scotland of the Glasgow Agency's building; the matter now seemed to be near completion.
- 2 Mr Blunden informed the Court that the Arbitrator had made an award favourable to the Bank in respect of the Technical and Services Staff; and also that there might be legal action against the Bank as a result of new arrangements for shift working recently imposed by the Bank on certain messengers involved in security work.
- 3 The Deputy Governor referred to the forthcoming announcement of the summary and conclusions of Professor Sir Frederick Warner's inquiry into the Special Steels Industry.

*A. J. Williams*

*Secretary of the Bank.*

*30.7.81*

*C. W. M. Mahon*

*30. vii. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 30 JULY 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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

The Governor commented on the weekly Figures and invited Mr Coleby, Assistant Director, Money Markets Division, to attend and speak about the state of the domestic markets, and Mr Loehnis to speak about the exchanges.

With reference to Minutes of 26 March and earlier, the Governor spoke, in similar terms as to the Committee of Treasury, about the new arrangements for the Bank's money market operations, which were due to come into effect as from 20 August.

(Mr Coleby was asked to remain for this item.) After discussion, the Court agreed to the new arrangements and accepted the recommendation of the Committee of Treasury as regards the delegation of authority to the Governor. It was accordingly

RESOLVED that -

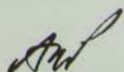
- 1 the Governor be granted a standing delegated authority to settle, in such consultation with the Chancellor of the Exchequer as might be agreed from time to time, the interest rates at which the Bank might make cash available to the money market.
- 2 the Governor report regularly to the Court on the exercise of that authority.
- 3 the arrangements set out in the Governor's letter of 3 October 1972 to the Chancellor of the Exchequer and approved by the Court of 5 October 1972 be terminated on the introduction of the procedure mentioned above.

The Governor also spoke to the Court on the following subjects -

- 1 With reference to a Minute of 16 July, the press reaction to the Bank's Annual Report and Accounts, published on 27 July; he had asked the Deputy Governor to look into the feasibility of publishing sooner.
- 2 With reference to Minutes of the previous week and earlier, the success of the luncheon party held by the Prime Minister in the Bank on the previous day.

At the Governor's invitation -

- 1 Mr Blunden noted the main features of the Chief of Corporate Services' Report on Manpower Review and Planning, which had been laid before the Court with a Report of the Staff Committee.
- 2 Sir Jasper Hollom introduced the Quarterly Report of the Charitable Appeals Committee, which was approved after a short discussion.



- 3 Lord Nelson spoke about impressions gained during a recent visit to Canada.

*A. H. Williams*

*Letter of Refusal.*

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*Secretary of the Bank*

*6th August 1981.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 6 AUGUST 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

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

The Deputy Governor invited Mr Coleby, Assistant Director, Money Markets Division, to attend and speak about the state of the domestic markets, and Mr Loehnis to speak about the exchanges.

With reference to Minutes of the previous week and earlier, at the Deputy Governor's invitation Mr Coleby was asked to remain and speak further to the Court about the new arrangements for Monetary Control, announced by the Bank and HM Treasury on the previous day and due to come into effect on 20 August. In the following discussion it was emphasised that this was the culmination of a series of reforms and changes that had been discussed and implemented over a considerable period. The objectives of monetary





policy remained as before; it was the methods that were being changed. There would undoubtedly be rather more uncertainty than hitherto about short term interest rates as a result of allowing market factors greater scope to influence the pattern of market rates than hitherto. But official operations would continue to be guided by a judgment about the appropriate level of very short-term interest rates, rather than by the direct management of the quantity of cash in the system (monetary base). Reference was also made to the need, particularly in respect of contracts and other transactions, for an "official" rate of interest, which had hitherto been constituted by the Minimum Lending Rate (and before that Bank Rate): solutions were being investigated.

The following were laid before the Court:-

- 1 A statement of the Banking Figures as at 15 July. At the Deputy Governor's invitation, Mr Coleby commented on the eligible liability figures and a preliminary estimate which had suggested that sterling M3 might have grown by 2.25% during the month, after seasonal adjustment. According to Treasury estimates, the civil servants' dispute, which had now ended, might have increased the CGBR by a net total of £6-6.5 billion; but until the effects of the dispute had unwound, which was likely to take some months, it would remain difficult to estimate with any precision the underlying rate of growth of sterling M3. The official view remained that it was within the target range but the degree of confidence with which any such judgment is made must diminish over time.
- 2 A statement of Official Reserves at the end of July.
- 3 The current paper on Economic Developments Abroad, which Mr Loehnis introduced at the Deputy Governor's invitation.



- 4 A statement of a retirement under the terms of the Selective Severance Scheme. At the Deputy Governor's invitation Mr Blunden spoke about the progress of the Scheme so far, and expressed the view that the target figure would be attained.

At the Deputy Governor's invitation -

- 1 Mr Drain spoke about a meeting of the National Economic Development Council which he had attended the previous day. A short discussion followed.
- 2 With reference to Minutes of 23 July and earlier, Mr Blunden spoke about recent developments concerning the prospective disposal of the Glasgow Agency's building to the Royal Bank of Scotland and that bank's offer of employment to members of the Agency's staff; although the sale could not be confirmed for about two months at the soonest, the matter would have to be disclosed to the staff and made public on 7 August.
- 3 Mr Blunden explained the basis for an increase in the London Allowance of £148 per annum as from 1 November 1981 in accordance with a commitment made in 1974.

The Deputy Governor spoke to the Court on the following subjects -

- 1 His appearance that afternoon before the Monopolies and Mergers Commission in connection with the bids for the Royal Bank of Scotland.
- 2 The question of legal powers to control takeovers of commercial banks.

The prospective interest of the Deputy Governor and the Executive Directors present, and the actual interest of Sir Jasper Hollom, having been declared, a Minute of the



Committee of Treasury recommending increases, with effect from 1 July 1981, in the pensions and allowances in payment to former Governors and Executive Directors was read and approved.

The Deputy Governor and the Executive Directors present having withdrawn, Lord Nelson introduced a further Minute of the Committee of Treasury, which recommended, as from 1 July 1981, increases in the remuneration of those Members of the Court who rendered exclusive service to the Bank and of Mr Dow, an Adviser to the Governor; and the Court approved thereof.

*M Best*

*Assistant Secretary  
of the Bank*

*13 August 1981*

*Levan of Stafford.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 13 AUGUST 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Coleby, Assistant Director, Money Markets Division, and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the state of the domestic markets and the exchanges respectively. There was a brief discussion about developments in the latter area.

At the Deputy Governor's invitation -

1 With reference to a Minute of the previous week, Mr Coleby spoke about the Money and Banking Figures as at 15 July, which showed that during the four-week period sterling M3 had grown by 2.1% after seasonal adjustment.



He outlined the latest estimates of the likely timing of the recovery of revenue not received during the Civil Service strike. He mentioned also the strength of bank lending to the personal sector (half of which was for house purchase) and the implications, if it continued, for the volume of debt sales needed to achieve the monetary targets, and the resulting pressures in the money market.

2 Mr Dow outlined to the Court the main features of the Economic Report for July which was laid before the Court.

3 Sir Jasper Hollom spoke to the Court about the Quarterly Report of the Audit Committee which was submitted. He expressed the Committee's satisfaction with the Audit Division's recovery from the disruption which had resulted from the changes in staff and in particular with the part played by the Auditor in this recovery. He also mentioned the Committee's concern that in two areas the reaction to the comments of the Audit Division on the quality of work seemed slow and somewhat inadequate and he explained the action taken by the Committee to deal with this situation. The Report was approved.

4 With reference to Minutes of the previous week and earlier regarding the prospective sale of the Glasgow Agency's building to the Royal Bank of Scotland and the cessation of note issuing activity there, Mr Blunden described the reactions of the staff, the union and the press to this development which had been made public on 7 August.

5 Mr Blunden introduced the Report and Accounts of the Bank of England Pension Fund for the year ended 28 February 1981 which were laid before the Court.

The Deputy Governor spoke to the Court on the following:-

1 With reference to Minutes of 23 July and earlier, the Bank would agree to a request to continue to maintain at



P70

the Bank the [redacted] Account for a further period, probably of seven days, in order to give time to resolve some further problems.

2 His second appearance, accompanied by Mr Page, before the Monopolies and Mergers Commission.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

A Lease relating to part of the first floor at New Change.

The Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

*D Best*

*Assistant Secretary of the Bank*  
*3 September 1981*

*Cum gratia*

*3. IX. 81*

## A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 20 AUGUST 1981

Present

Christopher William McMahon, Esq, Deputy Governor

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

John Brangwyn Page, Esq

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

The number of Directors assembled being insufficient to form a Court, those present proceeded to the business, subject to ratification by the next Court.

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

At the Deputy Governor's invitation Mr George, Assistant Director, Gilt-edged Division, attended and spoke about the state of the domestic markets and about the modification of the Bank's operating techniques in the gilt-edged market which followed from the abolition of the minimum reserve asset ratio requirement. The Deputy Governor then commented on the exchanges.

With reference to Minutes of 30 July it was

RESOLVED that -

following the introduction of new arrangements for Monetary Control as a result of which, inter alia, the Bank will not usually announce in advance a minimum or other rate at which it will operate in the money market, the existing procedure for determining and announcing Minimum Lending Rate be discontinued.

With reference to Minutes of the previous week and earlier regarding the agreement to maintain at the Bank the [redacted] Account, the Deputy Governor informed the Meeting that the United States, Iranian and Algerian negotiators had reached agreement for the transfer to [redacted] of the Account and that the Bank had now received instructions from the [redacted] to close the Account which would be done the next day.

In response to the Deputy Governor's invitation and with reference to Minutes of the previous week and earlier regarding the prospective sale of the Glasgow Agency's building to the Royal Bank of Scotland and the cessation of note issuing activity there, Sir Jasper Hollom and Mr Drain spoke about impressions gained during their visit to the Agency on the previous day (as part of the routine programme of Directors' visits to Branches). The staff had expressed very great concern and a good deal of bitterness about their situation. In particular, stress was laid on the lack of warning, the loss of expectations and possible housing loan problems. The Directors had explained to the staff the circumstances which had led to the unwelcome conclusion that the Glasgow operation could not be made viable and had emphasised that there were, as a result of the circumstances of the closure, alternative prospects of employment which had not been available at the time of the run-down of Exchange Control. Individual circumstances were to be discussed with visiting teams from Head Office and the Royal Bank of Scotland that day and it was to be hoped that in the light of these some anxieties might be relieved. The Deputy Governor mentioned that he had approved proposals for transitional ex gratia payments in respect of housing loans.

A statement of a forthcoming retirement under the terms of the Selective Severance Scheme was laid before the Meeting.

*H. B. East*  
 Assistant Secretary of the Bank  
 3 September 1961

*C. W. M. M. M. M.*  
 3. IX. 61



## A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 27 AUGUST 1981

## Present

Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

The number of Directors assembled being insufficient to form a Court, those present proceeded to the business, subject to ratification by the next Court.

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and then commented on the exchanges.

At the Deputy Governor's invitation:-

- 1 Mr Dow spoke to the Meeting about the reshaping of those regular sections in the Quarterly Bulletin which reported current economic financial and monetary developments. It was agreed that, in future, drafts of these articles should be circulated to Members for discussion at Court, and in nearly final form rather than, as hitherto, for comments on the draft.



- 2 With reference to Minutes of the previous week and earlier regarding the prospective sale of the Glasgow Agency's building to the Royal Bank of Scotland and the cessation of note issuing activity there, Mr Page spoke about the latest position on the future of the staff and the building and about the visit to the Agency the previous Friday by teams from the Bank and the Royal Bank of Scotland to talk to the staff there individually about pensions, housing loans and their possible employment by that bank.

The Deputy Governor spoke to the Meeting on the following subjects -

- 1 With reference to Minutes of 18 June and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979. A brief discussion followed regarding a number of appeals against earlier decisions on the status of various institutions.
- 2 With reference to Minutes of 9 July regarding a Report from Lord Nelson and Mr Page on their visit to the Bristol Branch, certain questions arising from arrangements made with the clearing banks to hold notes to the Bank's order.

Referring to the differing interests of the Bank, H M Treasury and the clearing banks he mentioned the unquantifiable benefits of improved security, the reduction in note handling at the two Branches involved, the loss of note issue income to the Treasury and the savings in costs for the clearing banks which resulted from their reduced holdings of notes. He mentioned also the problem arising from the clearing banks' increasing demand for new notes for cash dispensers and the consequential unnecessarily premature destruction of large quantities of notes, and the need to accelerate the development of mechanical sorting.

*S*

1270

The discussion which followed touched also on the benefits which would result from a reduction in the practice of cash payment of wages and recognised the need for a co-ordinated and longer-term approach to these problems.

- 3 Two threatening hoax telex messages from an unknown source had been received by the Bank. The appropriate police and security authorities had been informed and arrangements had been made to attempt to trace the source of any further such messages which might be received.

*Al Best*

*Assistant Secretary of the Bank*

*3 September 1981*

*Cwmhalon*

*3. ix. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 SEPTEMBER 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

John Martin Clay, Esq

John Standish Fforde, Esq

Anthony David Loehnis, Esq

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

Lord Weir

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John Christopher Roderick Dow, Esq

The Minutes of the Court of 13 August, and those of the Meeting of 20 August were confirmed and those of the Meeting of 27 August, which had also been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court:-

- 1 A statement of Official Reserves at the end of August.
- 2 The current paper on Economic Developments Abroad, which Mr Loehnis introduced at the Governor's invitation. Arising from the paper a short discussion ensued, mainly on the effect of changes in the exchange value of the US dollar on the demand for and price of oil.
- 3 A statement of a forthcoming retirement.

With reference to Minutes of 12 March and earlier the Governor invited Mr W P Cooke, Head of Banking Supervision, to attend and speak about a paper entitled The Measurement of Liquidity. The paper, which was concerned with the way in which the liquidity of individual banks might be measured for prudential purposes, had recently been issued as a prelude to discussion with the banking system with a view to the publication of a definitive paper, possibly by the end of the year. A brief discussion followed.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

A Lease relating to a letting at New Change

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

With reference to a Minute of the previous week relating to a security matter, the Governor informed Members that there had been no further developments.

*Cum gratia*

10/ix/81

*A. J. T. Williams*

*Secretary*

10.9.81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 SEPTEMBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
 Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

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 John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges. A brief discussion followed, in which attention was drawn to the effect of EMS in limiting exchange rate fluctuations between member states' currencies, although it did not, of course, reduce the volatility of their currencies' rates against the US dollar.

With reference to a Minute of the previous week about the issue of the Bank's paper on "The Measurement of Liquidity" the Governor spoke to the Court about the reactions of the press.

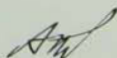
The following were laid before the Court -

- 1 A statement of the Banking Figures as at 19 August. At the Governor's invitation, Mr Fforde commented on the

eligible liability figures and a preliminary estimate which suggested that sterling M3 might have grown by 1.25% during the month, after seasonal adjustment. He pointed out that, although no complacency was justified, the fall in current account deposits with the clearing banks permitted the inference that the trend of M1 was relatively low.

- 2 With reference to a Minute of 27 August about the revised arrangements for discussion at Court of those regular sections in the Quarterly Bulletin which reported current economic, financial and monetary developments, two articles, on the main economic and monetary developments and on the operation of monetary policy, respectively, which were due to appear in the Bulletin's September issue; and the Economic Report for August. At the Governor's invitation, Mr Dow introduced the first article and also spoke to the Court about the main features of the Report, and Mr Fforde introduced the second article. The ensuing discussion covered, among other things, questions raised by Mr Dow about the appropriate level for the exchange rate and the consequences of a particular rate for interest rates and monetary policy. While mention was made of the effect of a strong exchange rate on raw material import prices, the complexity of the factors involved was also recognised. The view was expressed that the improvements now becoming evident in industrial productivity and competitiveness were more than transitory. As regards the monetary policy article, attention was drawn to the full account of the Bank's market intervention techniques, and, with the support of examples from abroad, to the imprudence of excessive reliance on the achievement of particular monetary targets.

A recommendation by the Governors on two senior appointments was read and approved.



At the Governor's invitation, Mr Blunden spoke to the Court about the staff situation at the Glasgow Agency.

A. J. Williams

Secretary of the Bank

17. 9. 81.

Cum gratias

17. IX. 81



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 SEPTEMBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Leopold David de Rothschild, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC

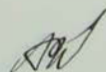
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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of 30 July, providing for reports to the Court on the exercise of the Governor's delegated authority to determine the interest rates at which the Bank would operate in the money market, and for a monthly discussion of interest rate policy by the Court, Mr Fforde spoke at the Governor's invitation about the Money and Banking Figures as at 19 August. Although these showed that during the five-



week period sterling M3 had grown by 1.1% (after seasonal adjustment), the statistical position was still confused and the rates of increase of the various monetary aggregates were widely disparate. Certain domestic indicators were indeed not unfavourable. Others, however, such as the growth of bank lending to the personal sector, suggested pressures that would be hard to accommodate within the money supply target. The external factors too had become adverse, and they had been crucial in triggering the action taken by the Bank in the money market on 14 September.

In the discussion that followed, the Governor spoke further about the considerations which had led the Bank to raise short-term interest rates, with expected consequences for the banks' base rates. The decision had not been agreeable, but it was unavoidable, particularly in the context of the influence exercised over our markets by economic developments in the United States. The need for the Bank's action, which showed how flexibly the Bank could now respond to market developments, was accepted by Members. It was pointed out, however, that the Bank's motives were widely misunderstood elsewhere. It was recognised that the 'marketing' of decisions had become more difficult now that our methods had been deliberately changed so as to make our actions less overt in political terms.

At the Governor's invitation -

- 1 With reference to Minutes of the previous week and earlier, Mr Dow spoke to the Court about the Quarterly Bulletin, which was to be published later that day, together with an edition of Bank Briefing. He drew attention to the Assessment, whose conclusions remained, he believed, sustainable in the light of the action on interest rates mentioned above. A short discussion followed, with particular reference to the factors which might help to generate an economic recovery.

- 2 Sir David Steel spoke about his recent visit to various Middle East countries, referring to, among other topics, the disarray of the oil-producing states as regards oil prices and to the political situation in Egypt.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

A Lease relating to a letting at Bank Buildings

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

*A. J. T. Williams,*

*Deputy of the Bank*

*Secretary of the Bank*

*24. 7. '61.*

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 SEPTEMBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Haynurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loennis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loennis to comment on the exchanges. A discussion, particularly on the external situation and its implications, then followed.

The Deputy Governor spoke to the Court on the following subjects -

- 1 With reference to Minutes of 27 August and earlier, the publication of further updated

lists of institutions authorised to take deposits under the Banking Act 1979.

- 2 With reference to a Minute of the previous week, the reactions of the press and other media to the publication, on the previous Thursday, of the September edition of the Quarterly Bulletin. These had been mostly satisfactory, and the new arrangement of the main articles had been welcomed.
- 3 The resignation of the General Secretary of the Bank of England Staff Organisation, to become General Secretary of Lloyds Bank Group Staff Union.
- 4 The speech made by the Governor at the International Industrial Conference in San Francisco on 21 September.

At the Deputy Governor's invitation Mr Loennis spoke about the issues with which the forthcoming Annual Meetings of the International Monetary Fund and the International Bank for Reconstruction and Development were likely to be chiefly concerned. Some of these would probably be acrimonious, although no important decisions were expected to be taken.

A statement of two forthcoming retirements under the terms of the Selective Severance Scheme was laid before the Court.

Mr Scholey was granted permission to become a Director of the Banque de Paris et des Pays-Bas Suisse SA.

*A. J. Williams*  
*Secretary of the Bank*

*1. 10. 81*

*See*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 OCTOBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

John Brangwyn Page, Esq

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster to comment on the exchanges. In his further comments on the continued increase in interest rates, whose generally unwelcome consequences he acknowledged, the Deputy Governor drew attention to a factor mentioned in previous weeks, namely the high degree of dependence on developments in the US markets, from which we could not insulate ourselves, though he noted the comparative stability of the sterling exchange rate in the past week. He also pointed out that the Bank's operations in the money market on 30 September provided evidence of the normal working of the new system: whereas on 14 September the Bank had acted deliberately to trigger an increase in interest rates, on this occasion the Bank had responded to market pressures and had operated in such a way

as to make clear that it was prepared to accept the higher level of rates already established. The difference had been understood by the market and by the press.

At the invitation of the Deputy Governor Mr Drain then spoke about his recent visits to Spain and Poland, referring in particular to the debates at the congress of the "Solidarity" Trade Union which he and Mr Len Murray had attended for a day.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

The Court Pension Scheme: Trust Deed

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

*A. J. Wilson*

*Secretary of the Bank*

*8.10.81*

*C. W. McMahon*

*8. X. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 OCTOBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures. He then invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges, and went on to put recent developments into perspective.

A period of turbulence in the financial markets, set off partly by scepticism and disappointment in the United States about the likely impact of the new measures for reducing the budget deficit recently announced by the President, had been followed by a more comfortable but still active period. That could perhaps be associated both with the appearance of more hopeful indicators in the United States and with the success of the EMS exchange rate adjustments that had been agreed at the Brussels meetings of the previous weekend.



He mentioned the Chancellor's contribution to their success, and also his belief that they had demonstrated the value of the EMS.

In general, he did not wish to give the impression that he was other than disappointed by the need to accept the marked increase in interest rates that had occurred here. A refusal to accept it, however, would probably have resulted in the necessity for even more disagreeable measures later; nor could he escape the conclusion that the increase was consistent with the pattern shown by the extension of domestic credit.

The following were laid before the Court:-

- 1 A statement of Official Reserves at the end of September, on which the Governor commented.
- 2 A statement of the Banking Figures as at 16 September. At the Governor's invitation, Mr Fforde commented on the preliminary estimate, which suggested that sterling M3 might have grown by 2% during the month after seasonal adjustment. He also referred to the continued distortion in the figures, to the resumption of the Government's funding programme in the more comfortable conditions now prevailing in the gilt-edged market, and to indications that the growth in the banks' lending was now being directed more to the corporate sector.
- 3 The current paper on Economic Developments Abroad. Mr Loehnis introduced this at the Governor's invitation, and then, at the further invitation of the Governor, Mr Dow spoke about the impressions he had formed of economic prospects in the United States during his recent brief visits to Washington and New York. Among other things, he drew attention to the widely divergent explanations given for the

high interest rates, one of which was that inflationary expectations were hardening, and to the obstacles to the President's aim to reduce the budgetary deficit. A discussion followed.

- 4 A Report of the Debden Committee about the operation of the Printing Works for the half-year ended 31 August, which Sir Hector Laing introduced at the Governor's invitation.

Also at the Governor's invitation:-

- 1 Mr Loehnis spoke to the Court about the recent Annual Meetings of the International Monetary Fund and the International Bank for Reconstruction and Development which he had attended the previous week with the Governor, who also described his impressions of the leading participants.
- 2 Mr Blunden spoke on the lines of his earlier report to the Committee of Treasury about the new arrangements envisaged for the Welfare Office and the Sports Club, and the Court expressed agreement.

With reference to a Minute of 30 July regarding the timing of publication of the Bank's Annual Report and Accounts, the Governor informed the Court that the examination undertaken by the Deputy Governor, at the Governor's request, of the desirability and feasibility of publishing earlier in the year had shown that this would produce no advantage, and that we should concentrate, instead, on improving the way in which salary levels were reported. The Governor added that the Committee of Treasury supported these conclusions, and the Court concurred.

A letter from Messrs Freshfields having been submitted together with a document to be sealed -

8

1270

A Deed of Transfer relating to the sale of a property in  
London

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal  
of the Bank.

*H. L. Lister*

*Assistant Secretary of the Bank*

*15 October 1981*

*C. W. Mahon*

*15. X. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 OCTOBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

With reference to a Minute of the previous week, at the invitation of the Governor, Mr Fforde spoke first about the Money and Banking Figures as at 16 September, which indicated that during the four-week period sterling M3 had grown by 2.1%, after seasonal adjustment: the figure continuing to be affected by the consequences of the Civil Servants' dispute. He then spoke about the Quarterly Analysis of



Bank Advances as at 19 August. In the ensuing discussion, the Governor noted that recent experience had shown the extent to which markets were being affected by the high degree of uncertainty throughout the world.

At the further invitation of the Governor -

- 1 Mr Flemming, Chief Adviser, Economics Division, attended and outlined the main features of the Economic Report for September which was laid before the Court. A discussion followed, mainly concerning the effect which recently achieved improvements in productivity might have on the demand for labour following an up-turn in activity.
- 2 With reference to Minutes of 18 September 1980 and earlier regarding the problems facing the Commonwealth Development Finance Company Limited, and following the recent publication of its Report and Accounts for the year ended 31 March 1981, Sir Jasper Hollom, the Chairman of the Company, spoke about the improvement which had been made in the Company's position during the year.
- 3 Mr Clay, Chairman of the Staff Committee, introduced a Report from that Committee containing proposals regarding assistance which might be given to a small number of Bank pensioners who had been affected by the liquidation of Norton Warburg Investment Management Limited. After a short discussion it was agreed to accept the recommendation of the Committee of Treasury, who had considered the matter that morning, that the proposals be approved.
- 4 Mr Scholey spoke about the topics discussed at a conference of European Bankers which he had recently attended in Venice.

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The Governor spoke to the Court on the following -

- 1 The meeting with the Japanese Keidanren which had taken place in the Bank earlier in the week.
- 2 The postponement of the hearing of the appeal by the [redacted] against the Bank's refusal to grant it full bank status. This would enable the Bank to evaluate further evidence which had been produced regarding the expansion of that bank's business.

*A. J. Williams*

*See*

*Secretary of the Bank*

*22.10.81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 OCTOBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
John Martin Clay, Esq  
Leopold David de Rothschild, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
John Brangwyn Page, Esq  
Lord Weir

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
John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. A short discussion followed.

The Governor spoke to the Court on the following matters -

- 1 Press reactions to the speeches made by the Chancellor of the Exchequer and himself at the Mansion House dinner on 15 October.
- 2 With reference to Minutes of 24 September and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979.



- 3 The views of the Minister of Foreign Trade in Poland, Dr Ryszard Karski, who had called on him on 21 October. They presented a sombre picture of the economic prospects there.

At the Governor's invitation -

- 1 Mr Loehnis spoke to the Court about the statement of Overseas Trade Figures for September, including the import figures for March and April, which was laid before the Court. It was noted that this was the first publication of such figures since March.
- 2 Mr Clay introduced the Staff Committee's Report on Educational Loan borrowing limits. After a discussion its recommendations were approved.
- 3 Mr Drain spoke about impressions gained during a recent visit to Japan, mainly for discussions with the Japanese equivalent of his own Union. A discussion followed.

A letter from Messrs Freshfields having been submitted together with a document to be sealed

A Lease relating to a letting at New Change

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

*A. J. Williams*

*See*

*Secretary of the Bank*

*29.10.'81.*



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 29 OCTOBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Leopold David de Rothschild, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
John Standish Fforde, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
John Brangwyn Page, Esq  
Sir Lionel Alexander Bethune Pilkington, FRS  
Lord Weir

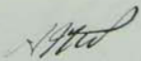
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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures; then, after a brief discussion, he invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Reference was made in the following discussion to the state of fiscal policy in the United States.

A Report of the Committee to consider the Securities of Certain Funds, covering the management of the Staff Pension Fund's portfolio for the six months to 28 August 1981 and the Actuary's annual review of the investment performance of the Fund, was submitted. At the Governor's invitation, Mr de Rothschild introduced the Report. Approval was given to it and to its recommendation that the target range for investment in the property sector be widened to 10%-20%.



The following were laid before the Court -

- 1 A Report from the Board of Directors of BE Services Limited covering the year ended 28 February 1981, which was introduced, at the Governor's invitation, by Sir Hector Laing and then discussed.
- 2 A statement of a forthcoming retirement.

At the Governor's invitation, Mr Blunden spoke to the Court about -

- 1 With reference to Minutes of 10 September and earlier, the position as regards the disposal of the Glasgow Agency's building and the prospects for re-employment of the BSSS and Banking Staff at the Agency. Despite the delays that had occurred, it seemed likely that the transfer of title of the building to the Royal Bank of Scotland would take place at the end of November as envisaged, and offers had at last been made to the Staff, more favourable than previously expected. In discussion, it was noted that the title of Agent would be retained, as being suitable for the industrial liaison work.
- 2 The unsatisfactory treatment by one newspaper of the Bank's undertaking, with reference to a Minute of 15 October, to assist a small number of pensioners who had been affected by the liquidation of Norton Warburg Investment Management Limited.

Mr Clay was granted permission to become Chairman of two companies (Hambro Gas & Oil and JPB International Limited).

The Governor mentioned the possibility of holding a further Working Dinner for Members of the Court, if they so wished, during the coming winter. He had asked Mr Blunden to seek the views of individual Members.

*A. J. Williams*  
Secretary of the Bank 5.11.81.

*Chairman of Staff*

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 NOVEMBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr George, Assistant Director, Gilt-edged Division, to attend and speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. It was noted that various factors, including the reduction in the FRBNY discount rate, the favourable outcome of the BL strike and the prospect of a higher price for North Sea oil, had contributed to easier conditions in both the domestic and external markets.

The following were laid before the Court:-

- 1 A statement of Official Reserves at the end of October, on which the Deputy Governor commented.

- 2 The current paper on Economic Developments Abroad, which Mr Loehnis introduced at the Deputy Governor's invitation. The predictions made in July had not been substantially changed. A discussion followed.

A letter from Messrs Freshfields having been submitted together with a document to be sealed

A Lease relating to a letting at New Change

the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

At the Deputy Governor's invitation -

- 1 Lord Nelson, Sir Adrian Cadbury and Mr Scholey described the impressions they had gained during their recent separate visits to the United States and the opinions on various topics prevailing among those they had met. A widespread attitude of "isolationism" on economic matters was noted.
- 2 Sir Adrian Cadbury spoke about the recent annual national conference of the Confederation of British Industry, which he had found, in sum, encouraging.

*A. J. Williams*  
Secretary of the Bank

12. 11. 81

*C. W. M. M. M. M. M.*

12. 11. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 NOVEMBER 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. The Governor then added some remarks about developments affecting the US markets.

A statement of the Banking Figures as at 21 October was laid before the Court. At the Governor's invitation, Mr Fforde commented on the preliminary estimate, which suggested that sterling M3 might have grown by between 1.5% and 1.75% during the month, after seasonal adjustment.



At the Governor's invitation -

- 1 Mr Drain spoke about a meeting of the National Economic Development Council which he had attended the previous day. A short discussion followed.
- 2 Sir Alastair Pilkington spoke about a recent visit to the United States of America and Sir Robert Clark and Sir David Steel commented on impressions gained during their visits to South Africa and Australasia, respectively.
- 3 Sir Robert Clark and Sir David Steel spoke about the stages reached in pay disputes with which they were severally concerned.

It was agreed, with reference to a Minute of 29 October, that the working dinner should be held on Wednesday, 27 January 1982.

*A. J. Williams*

*Secretary of the Bank*

*19<sup>th</sup> November 1981*

*Chairman of the Board*

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## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 NOVEMBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Branqwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Lord Weir

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets (when it was noted that the authorities had been concerned to resist too sharp a fall in short-term interest rates) and Mr Loehnis to speak about the exchanges.

Also at the invitation of the Deputy Governor -

- 1 Mr Flemming, a Chief Adviser, Economics Division, attended to speak about the Economic Report for October, which was laid before the Court. Attention was drawn to the uncertainty of some figures and to more recent information, and a short discussion followed.

- 2 Mr Fforde spoke first about the difficulty of identifying an adequate indicator for the trend of short-term interest rates since the withdrawal in August of the arrangement for a posted Minimum Lending Rate. This question had been raised earlier in the Meeting in the context of the "loose sheet" which was produced by the Chief Cashier's Office for the information of Members and which had previously shown the current Minimum Lending Rate. It was agreed that the provision of a new information sheet for Members, including several interest rates and other indicators, would be examined.

Mr Fforde went on to speak about the Money and Banking Figures as at 21 October, which indicated that during the five-week period sterling M3 had grown by 1.7%, after seasonal adjustment. The figures were still distorted in the aftermath of the Civil Service strike but the position that seemed to be emerging could be regarded as not discouraging, were it not for the rate of increase in bank lending to the private sector. This factor raised doubts in particular about the wisdom of further falls in interest rates. But, as a factor pointing in the reverse direction, he also noted the changed external position, with a tendency for the exchange rate to rise rather than fall, a tendency which could be accentuated by the prospectively large flow of money into the Exchequer.

In the wide-ranging discussion that followed, it was explained that the private sector borrowing from banks was widely spread. Much of the personal borrowing had replaced that from building societies, but it also seemed to reflect an effort to maintain expenditure when real income had fallen. In considering the likely effects of a recovery in economic activity, it was suggested that the increased demand for finance for rebuilding stocks might partly be met from increased profitability. But in the absence of this a still higher level of borrowing would

PTO



be harder to sustain, given a probably higher level of commodity prices. It was emphasised that, while the situation was delicate, policy should now be directed towards the risks of strangling a recovery at an early stage (when investment plans were bound to be only tentative) if interest rates remained high. It had, however, to be recognised that to stimulate expansion when inflationary pressure was still evident also risked aborting a recovery. Attention was also drawn to the problems faced over exchange rate fluctuations by manufacturers who had been driven by the stagnation of domestic demand to rely more on exports. It was noted that though there was no target for the exchange rate in the sense that targets existed for money supply - and it was impossible to have both - policy was influenced by exchange rate considerations, although the weight given to this factor could not be precisely stated. So long as inflation was not contained, it was difficult to argue that the present slant of policy towards money supply targets should be changed.

The Deputy Governor spoke to the Court about -

- 1 A Minute of the Committee of Treasury recommending that the Quarterly Report on Errors and Omissions should in future be submitted to the Audit Committee. This was approved.
  
- 2 A Report of the Committee on Bank Premises. At the Deputy Governor's invitation, Lord Nelson introduced the Report and explained, on the lines of his statement to the Committee of Treasury, the recommendation it contained that the Bank should change its policy on the in-house generation of electricity and take its supplies in future from the London Electricity Board. After a short discussion the Report was approved and agreement was given to the recommendation.

*P. R. Tomlinson*  
Assistant Secretary of the Bank  
26 November 1981

*John G. ...*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 NOVEMBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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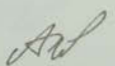
John Christopher Roderick Dow, Esq

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Deputy Governor's invitation -

- 1 Mr Loehnis spoke to the Court about the Overseas Trade Figures for October. He explained that the data needed to be treated with some caution because the introduction of a new procedure for the submission of export documents had caused a bunching of exports.



- 2 Mr Blunden spoke about the closure of the Glasgow Agency. The sale of the building would be completed on 30 November and, apart from the retention, in temporary premises, of the Agent and two others, the remaining staff would either be reallocated, take up employment with the Royal Bank of Scotland or retire.
- 3 Mr Blunden informed Members of the appointment of a new General Secretary for BESO.


The Deputy Governor spoke to the Court about the issues relating to the European Monetary System. A discussion followed.

The following were submitted and, after short discussions, approved:-

- 1 A Report of the Committee on Permanent Control of Expenditure, which incorporated figures showing the results of the Banking Department's operations for the half-year ended 31 August 1981 and which contained an estimate of the possible outturn for the full financial year.
- 2 A Report of the Trustees of the Court Pension Scheme together with the Report and Accounts of that Scheme for the year ended 28 February 1981 which were also laid before the Court.
- 3 The Quarterly Report of the Charitable Appeals Committee, which was introduced, at the further invitation of the Deputy Governor, by Sir Jasper Hollom.

A letter from Messrs McGrigor, Donald & Co and three letters from Messrs Freshfields having been submitted together with four documents to be sealed -

The Disposition relating to the sale of the Glasgow Agency and three Leases relating to tenancies at New Change.



At the Deputy Governor's invitation, Mr Blunden spoke to the Court about the substantially increased rental income from these Leases.

The Court approved of the Disposition and Leases and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

*A. J. T. Williams*

*Secretary of the Bank*

*3rd December 1981*

*Cum gratia*

*3. 12. 81*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 DECEMBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

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John Christopher Roderick Dow, Esq

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

With reference to a Minute of 19 November, the Governor pointed out that Members had now been provided with a new information sheet showing current and recent interest rates and exchange rates. It was agreed that this sheet should also include figures for three months ago.

The Governor went on to comment on the weekly Figures, and then invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

A statement of Official Reserves at the end of November was laid before the Court.

At the Governor's invitation -

- 1 Mr Loehnis introduced the current paper on Economic Developments Abroad, which was also laid before the Court.
- 2 Mr Loehnis then introduced a paper on 'The Financing of Japanese Industry': this had been summarised from an article written by Mr Elston which would appear in the forthcoming edition of the Quarterly Bulletin. In a short discussion, attention was drawn to the effects of generally different social and business attitudes compared with those prevailing in Western countries; but it was noted that there were now some signs of a move away from the preponderant reliance on bank lending as a source of finance for industry that had characterised Japan's post-war period of rapid growth.
- 3 With reference to Minutes of 9 July and earlier about the legal proceedings brought against the Bank by the Burmah Oil Company, and now concluded, the Deputy Governor spoke to the Court about the transfer of the Bank's shareholding in the British Petroleum Company to HMG and about the satisfactory outcome of the negotiations for settling the legal costs incurred by the Bank in those proceedings.

The Governor spoke to the Court on the following matters -

- 1 With reference to Minutes of 22 October and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979.

*Ad*

*PTO*

- 2 The arrangements for visits to Branches by Directors: proposals for modifying these arrangements would be made to the Court before the programme for the next series of visits was fixed. As an immediate step, it was proposed that Directors need no longer write to the Governor after a visit to a branch except in those cases where there was something they particularly wished to draw to his attention. This was agreed.

At the further invitation of the Governor, Mr de Rothschild spoke about recent visits to Mexico, Colombia and Venezuela and Lord Weir and Sir Hector Laing commented on impressions gained during their visits to France and the United States, respectively.

The Quarterly Report of the Audit Committee was submitted and approved.

*C. J. J. Williams*  
*Secretary of the Bank*  
*10th December 1981*

*John G. Hopwood*

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 DECEMBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
 George Blunden, Esq  
 Sir George Adrian Hayhurst Cadbury  
 Sir Robert Anthony Clark, DSC  
 John Martin Clay, Esq  
 Leopold David de Rothschild, Esq  
 Geoffrey Ayrton Drain, Esq, CBE  
 John Standish Fforde, Esq  
 Sir Jasper Quintus Hollom, KBE  
 Sir Hector Laing  
 Lord Nelson of Stafford  
 John Brangwyn Page, Esq  
 Sir Lionel Alexander Bethune Pilkington, FRS  
 David Gerald Scholey, Esq, CBE  
 Sir David Edward Charles Steel, DSO, MC

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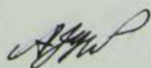
John Christopher Roderick Dow, Esq

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

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges. A brief discussion followed.

The following were laid before the Court:-

- 1 A statement of the Banking Figures as at 18 November. At the Governor's invitation, Mr Fforde commented on the preliminary estimate, which suggested that sterling M3




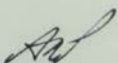


might have grown by 0.5% during the month, after seasonal adjustment. Bank lending to the private sector had been exceptionally high, to an important extent associated with an exceptionally strong Exchequer position. He added that it should be possible next week to provide a clearer explanation of the position.

- 2 Drafts of two articles, on the economic commentary and on the operation of monetary policy, which were due to appear in the December edition of the Quarterly Bulletin and which, at the invitation of the Governor, were introduced by Mr Dow and Mr Fforde, respectively. A discussion followed in each case: it was noted in particular that, as regards monetary policy, the emphasis perceived to be given to the exchange rate and to the wider monetary aggregates might be interpreted by outside observers as confirming a change towards a more pragmatic policy, although it was accepted that virtually all the points made had already been publicly expressed, notably in the Governor's Mansion House speech.
- 3 A statement of two forthcoming retirements, one under the terms of the Selective Severance Scheme and the other in the ordinary course.

Also at the Governor's invitation, Mr Blunden spoke to the Court about the following matters:-

- 1 The annual settlement for EDP staff, which derives automatically from a survey of computer salaries in the London area. There would be a wide range of changes in individual remuneration but the overall increase in the EDP pay bill



would be 8.5% from 1 October. This settlement was for 15 months and thus compared favourably with the Banking Staff settlement in July; it was within the cash limit.

- 2 Claims by BESO for additional annual leave and for an entitlement to paternity leave. It was unfortunate that these claims were to be brought formally to the Negotiating Council; this was a result of the staff situation in the Union. He would be resisting both claims.

With the Governor's permission Mr de Rothschild conveyed to the Court the gratitude that had been expressed by the Music Society for the Bank's support.

The Governor spoke to the Court on the following matters:-

- 1 His election, with effect from 1 January 1982, as Chairman of the Central Bank Governors' Committee of the Group of Ten Countries and Switzerland in succession to Dr Zijlstra, it having been agreed that this post should not be held in conjunction with the Presidency of the Bank for International Settlements.
- 2 The maintenance of a quorum at Court. He recalled that the quorum for a Meeting of the Court of Directors, as laid down in the 1946 Charter, consisted of nine Members. Following a judicial ruling in 1955, that provision had been interpreted to mean that, if there was a quorum present when a Meeting of the Court began, it was immaterial that by the time a decision was taken enough of the Members had left to bring the number remaining below nine. Approval had been given on this basis at least implicitly at the Meeting of 1 October to the

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sealing of a document when there was no longer a quorum. It had been considered right to clarify the position, and an opinion had accordingly been sought from Messrs Freshfields. Their advice was that the definition of a quorum in the Charter was explicit and allowed for no variation. In the circumstances, it was proposed that the decision taken on 1 October, and any other such decisions taken at Meetings of the Court that began with a quorum but were inquorate at the time that those decisions were actually taken, should now be formally confirmed. It was accordingly

RESOLVED that -

the approval given by the Court on 1 October 1981 to the affixing of the Bank's Seal to a Trust Deed and any other approvals given and Resolutions and decisions taken by the Court during previous Meetings at times when there was not a quorum in accordance with Clause 6(1) of the Charter of 1 March 1946 be and are hereby ratified.

*A. G. Williams*  
 Secretary of the Bank  
 17.12.81

*Cwm Maalon*  
 17. XII. 81

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 DECEMBER 1981

## Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

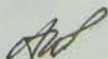
Sir David Edward Charles Steel, DSO, MC

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John Christopher Roderick Dow, Esq

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

Mr Fforde having withdrawn for this item, a letter dated 17 December 1981 from Mr J B Page, giving notice of his resignation from Court on 28 February next, was laid before the Court. The Governor spoke to the Court about the relative press notice to be issued that afternoon, about the circumstances of Mr Page's retirement, and then, on similar lines to the account given to the Committee of Treasury earlier that day, about the plans, still not in all respects fully resolved, for a successor to Mr Page as a Director for the remainder of his term and for other changes affecting the composition of Court and the responsibilities of Executive Directors and senior officials. After a discussion, in which Members indicated their support for the proposals outlined by the Governor and in which they also



endorsed the appreciation expressed earlier by the Governor for Mr Page's services to the Bank, both as a member of the Staff and, since 1980, as a Director, the Court

Resolved

that the Secretary be directed to communicate to the Chancellor of the Exchequer the notice of resignation of Mr J B Page from the office of Director of the Bank pursuant to Clause 8(e) of the Charter of 1 March 1946.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of the previous week and at the invitation of the Governor, Mr Fforde spoke first about the Money and Banking Figures as at 18 November, which confirmed that during the four-week period sterling M3 had grown by 0.5%, after seasonal adjustment. While the figures continued to be distorted by the Civil Servants' dispute, this appeared to have had more effect on bank lending than on deposits. He pointed out that the gap between the rate of increase in sterling M3 and that of the wider sterling aggregates was widening: this in part reflected the clearing banks' incursion into the house mortgage market. Although the growth of credit for house purchase was falling, the banks' share in it had been increasing. In the month, bank lending to the private sector rose sharply, and this was to some extent attributable to the contractionary effect of the public sector which, while in surplus, had also achieved heavy sales of Government debt. Mr Fforde concluded, as regards the general stance of interest rate policy, that the money supply figures remained high in relation to the Government's targets. While the indications were not for higher interest rates, they did not suggest lower ones either. With exchange rate considerations still the decisive factor, the position had changed little since the previous period.

*AD*

The following were laid before the Court -

- 1 The Economic Report for November.
- 2 The December edition of the Quarterly Bulletin, which was to be published later that day, together with an edition of Bank Briefing. At the Governor's invitation, Mr Dow drew the attention of Members to various points made in the Assessment, noting in particular that, while there had been no intention to paint too black a picture, the economic prospects were shown as by no means encouraging. He also referred to the articles in this issue of the Bulletin. The article on exchange rate movements in the 1970s adopted a broad, pragmatic treatment in contrast to unsuccessful econometric attempts to explain exchange rate movements. The article on the financing of Japanese industry had already been discussed by the Court in a summarised form. There was a brief discussion, which concentrated on the resurgence in the past 18 months of the banks' lending on house mortgages at the expense of the building societies.
- 3 The Report and Accounts of Slater Walker Limited, a wholly owned subsidiary of the Bank, for the year ended 28 February 1981, which would be filed with the Registrar of Companies before the end of the current month. At the Governor's invitation, Sir Jasper Hollom, Chairman of Slater Walker Limited, spoke about the company's Accounts.

*A. J. Williams*  
Secretary of the Bank

*C. W. M. Mahon*  
7. 1. 82

7. 1. 82

## A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 24 DECEMBER 1981

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Sir Jasper Quintus Hollom, KBE  
Anthony David Loehnis, Esq  
John Brangwyn Page, Esq  
David Gerald Scholey, Esq, CBE

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John Christopher Roderick Dow, Esq

The number of Directors assembled being insufficient to form a Court, those present proceeded to the business, subject to ratification by the next Court.

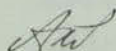
The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and then invited Mr George, Assistant Director, Gilt-edged Division, to attend and speak about the state of the domestic markets, and Mr Loehnis to speak about the exchanges.

A statement of the Overseas Trade Figures for November was laid before the Meeting. At the Governor's invitation, Mr Loehnis commented on its main features, drawing attention to the continuing uncertainty of the data. This made it hard for us to support too optimistic an interpretation. There was a brief discussion.

The Governor spoke to the Meeting on the following matters -

- 1 With reference to Minutes of the previous week and earlier, the reactions of the press and other media



to the publication, on the previous Thursday, of the December edition of the Quarterly Bulletin.

- 2 The acceptance by HM The Queen Mother of an invitation to dine at the Bank with Members of the Court and their wives on Wednesday, 17 February 1982.
- 3 His recent visits to Singapore, Japan and Australia.

At the Governor's invitation -

- 1 Sir Jasper Hollom spoke to the Meeting about the current position arising from the arrangements that were made in 1976 with the Standard Chartered Bank for the joint support by them and the Bank of the Wallace Brothers Bank and its related Group in their liquidity problems. These arrangements envisaged a final accounting at the end of 1981; but the realisation process could not be completed in time. It was therefore now intended, after an interim settlement under the existing indemnity to the Standard Chartered Bank, to extend the arrangements, with some minor changes, to permit the realisation to be completed by the end of 1985. This extension was likely to include certain advantages for the Bank (including the paying in by the Standard Chartered Bank of their £700,000 share of the deficiency). The Bank would also possibly be able to release some of the provision that had been set against the deficiency. The Court would in due course be invited to approve the sealing of a further deed of indemnity in respect of the extended arrangements.
- 2 Mr Drain described his recent visit to Singapore, on the occasion of a meeting there of an international body of public service trade unionists.

*A. J. J. Williams*  
 Secretary of the Bank  
 7.1.82

*C. M. M. M. M.*  
 7.1.82



## A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 31 DECEMBER 1981

Present

Christopher William McMahon, Esq, Deputy Governor

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

The number of Directors assembled being insufficient to form a Court, those present proceeded to the business, subject to ratification by the next Court.

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

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and then commented on the exchanges.

A Report of the Staff Committee on the Chief of Corporate Services' annual review of the Premises Division was laid before the Meeting. The Deputy Governor invited Mr Clay to comment on the Report and he drew Members' attention to the reductions in staff numbers which the Chief of Corporate Services was seeking to secure in the Premises area.

*A. J. Williams*

*Cum gratia*

*Secretary of the Bank*

*7. 1. 82*

*7. 1. 82*

