

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 JANUARY 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
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  
Alan Lord, Esq, CB  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq


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John Christopher Roderick Dow, Esq

The Minutes of the Court of 22 December 1983 were confirmed and those of the Meeting of 29 December 1983, which had also been circulated, were approved.

There being no comments on the weekly Figures, the Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets; and Mr Loehnis to speak about the exchanges and to comment on the Official Reserves figures as at the end of December, which had been published the previous day.

Also at the Governor's invitation, Mr Loehnis introduced the December paper on International Economic Developments. There was a short discussion.



The Governor referred to the announcement to be made later that day from No 10 Downing Street about three appointments and a reappointment to the Court: HM The Queen had been pleased to approve the appointment, from 1 March 1984, of Dr D V Atterton, Mr R D Galpin and Professor Brian Griffiths, to replace, for terms of office of four years, Sir Jasper Hollom, Lord Weir and Sir Alastair Pilkington, whose terms would expire on 29 February. Her Majesty had also been pleased to approve the reappointment to the Court of Mr George Blunden for a further term of four years, similarly from 1 March 1984.

In that connection a Minute of the Committee of Treasury was laid before the Court, containing recommendations for Mr Galpin's appointment and remuneration as an Executive Director in place of Mr Blunden, and for certain consequential changes in responsibility affecting Mr Galpin, Mr W P Cooke and Mr Brian Quinn, and also recommending three consequential senior appointments (all with effect from 1 March 1984).

At the Governor's invitation, Mr Blunden explained the rationale for the changes in responsibility and the appointments. The recommendations in the Minute were then approved.

An abstract of awards from the New Year Honours List was also laid before the Court.

*A J Williams*  
Secretary of the Bank

*Leon of Rufford*

*12 to January 1984*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 JANUARY 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Edward Alan John George, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
Lord Weir

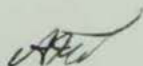
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John Christopher Roderick Dow, Esq

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

At the Deputy Governor's invitation to comment on the weekly figures, Mr Blunden drew attention to a marked increase in the Issue Department's "Other Securities", reflecting mainly purchases of commercial bills to relieve a market shortage, and also to the fact that the "Public Deposits" with the Banking Department were very low compared with last year when the new arrangements for periodic deposits by the National Loan Fund had been in use for the first time.

The Deputy Governor then invited Mr George to speak about the state of the domestic markets and, in Mr Loehnis' absence, he himself spoke about the exchanges.



Also at the Deputy Governor's invitation -

- 1 Mr Flemming, Chief Adviser in charge of the Economics Division, attended, in Mr Loehnis' absence, to introduce a Quarterly Commodities Report. The following discussion was mainly devoted to assessing the Report's assessment of the prospects for prices.
- 2 Mr George introduced a statement of the Banking Figures as at 14 December, and commented on the preliminary estimates for EM3, PSL2 and M1. Taken at face value, the growth shown in the aggregates and the resulting higher rates of increase on an annualised basis were disappointing; but the figures were uncertain, and still represented a relatively subdued rate of growth over the last six months as a whole.
- 3 Mr Dow introduced the Economic Report for January, pointing out several of its features. In discussion, the need to avoid complacency in response to indications of improved company liquidity and profitability was emphasised.
- 4 Mr Blunden mentioned that the long-drawn-out negotiations to acquire the freehold of the Printing Works site from the Greater London Council appeared close to the point at which the transaction could be completed on favourable terms. The proposal to acquire the freehold, if possible, met general approval.

*L. J. Williams*      *Chair of Report*  
 Secretary of the Bank

*19 January 1984*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 JANUARY 1984

## 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  
Edward Alan John George, Esq  
Sir Hector Laing  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq  
Lord Weir

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John Christopher Roderick Dow, Esq  
John Standish Fforde, Esq  
Rodney Desmond Galpin, Esq

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

At the Deputy Governor's invitation to comment on the weekly Figures, Mr Blunden pointed out that the note circulation appeared to be close to its winter "low" at about 5% above the same period in 1983, and also that, with reference to a Minute of the previous week, holdings of commercial bills (Issue and Banking Departments taken together) remained high.



The Deputy Governor then invited Mr George to speak about the state of the domestic markets and, in Mr Loehnis' absence, he himself spoke about the exchanges.

Also at the Deputy Governor's invitation, and with reference to a Minute of the previous week, Mr George said that the announcement (to be made later that day) about the Money and Banking Figures as at 14 December confirmed the provisional estimates and showed monetary growth at or above the top of the target range with an apparent acceleration of bank lending. The figures were not, however, reliable because of particular seasonal uncertainty.

Going on to discuss the stance of monetary policy, Mr George said that notwithstanding the moderate (8-9% per year) rate of monetary growth of the past six months, which owed much to an exceptional rate of funding, the latest data, taken at their face value, were a source of concern. The main worry was bank lending to the private sector, which, with building society mortgage lending, appeared to have accelerated in recent months. If this continued it would necessarily raise a question about the general level of short-term interest rates.

Other indicators of monetary conditions did not point clearly either way. (The exchange rate was volatile; activity was recovering but at a still moderate pace; and while retail prices continued to grow perhaps more slowly than expected, there was a concern that unit labour costs might now begin to grow more quickly.) While the need not to damage industrial confidence unnecessarily was recognised, if money and bank lending were now growing faster, there could equally be a setback to financial and industrial confidence if we failed to react, implying a retreat from the counterinflationary strategy. We were not yet, however, at that point.



Questions were raised in the following discussion about the possibility of restraining bank lending by other, direct, means; and about the mechanisms by which mortgage lending fed through into non-housing activity. Views differed on the likely reactions of industrialists to higher interest rates and on the scope for funding as an alternative response. Attention was drawn to the possibility that a modest increase in interest rates at an early stage might be less damaging than a later, and probably larger, increase.

The Deputy Governor spoke to the Court about the situation that had developed with regard to a loan to Argentina in which British banks were expected to participate.

*A. J. C. Williams*

*Member of Staff*

*Secretary of the Bank*

*26 January 1984*



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 JANUARY 1984

Present

Christopher William McMahon, Esq, Deputy Governor  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Lord Nelson of Stafford  
David Alan Walker, Esq

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John Christopher Roderick Dow, Esq  
Rodney Desmond Galpin, Esq

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

At the Deputy Governor's invitation to comment on the weekly Figures, and with reference to a Minute of the previous week, Mr George mentioned that the note circulation's winter "low" had occurred the previous Tuesday; he also drew attention to the marked increase in "Public Deposits", which reflected a surplus on the Exchequer's account.

The Deputy Governor then invited Mr George to speak about the state of the domestic markets and, in Mr Loehnis' absence, he himself spoke about the exchanges.

The Quarterly Report of the Charitable Appeals Committee was laid before the Court and, at the Deputy Governor's invitation, was introduced by Sir Jasper Hollom. After

discussion of some of the appeals and of the proposed treatment of the balance so far unspent in the current year, the Report was approved.

A Report of the Staff Committee covering the Chief of Corporate Services' Annual Review of Salary Policy and Fringe Benefits, was also laid before the Court. At the Deputy Governor's invitation, Mr Drain introduced the Report and his remarks on it were supplemented by Mr Galpin. There was a brief discussion.

A recommendation by the Governors of the following senior appointment, consequent upon the forthcoming retirement of the present Secretary of the Bank, to be made with effect from 1 March 1984, was approved:

P E TOWNDRON [redacted]  
Assistant Secretary of the Bank,  
Scale 8.

to Scale 9, as Secretary of  
the Bank and an Assistant  
Chief of Corporate Services.

The Deputy Governor introduced a statement of the Overseas Trade Figures for December.

At the Deputy Governor's invitation, Mr Walker described the implications, for the City and the Bank, of the Gower Report. He noted, among other things, that it was but a step in a long process, and that it would be desirable for him to keep the Court informed of further steps as they arose. The future role of the Council for the Securities Industry was among the major uncertainties still to be resolved. He felt that if the City's own "self-regulatory" bodies, with the aid of the Bank, were unsuccessful in devising appropriate mechanisms for the protection of investors, there was a risk that the introduction of more intrusive structures would be precipitated. A short discussion followed.

The Deputy Governor noted that as the Court had ceased to be quorate when Sir Robert Clark withdrew from the meeting during the discussion of the Charitable Appeals Committee's Report, the approvals given subsequently to that Report and to the recommendation of a senior appointment would have to be ratified by the next Court.

*P. E. Towndron*  
*Assistant Secretary* 2 Feb. 1984

*John of [unclear]*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 FEBRUARY 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Edward Alan John George, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
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 Deputy Governor explained that the previous week's Court had ceased to be quorate while the Quarterly Report of the Charitable Appeals Committee and the Recommendation by the Governors relating to the appointment of the new Secretary of the Bank were being considered. With a quorum present, these items were duly approved retrospectively and the Minutes of that Court, having been circulated, were then approved.

There being no comments on the weekly Figures, the Deputy Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges and also to comment on the Official Reserves figures as at the end of January, which were to be published later that day.

At the Deputy Governor's invitation -

1 Sir Robert Clark introduced a Report of the Committee to consider the Securities of Certain Funds, and described the changes proposed for the management of investments which had been explained to the Committee of Treasury earlier that day; the Report was approved.

2 Lord Weir and Sir David Steel spoke, in turn, about impressions gained during their recent visits to the United States and West Germany, respectively.

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

- 1 The appointment of Mr Galpin to the Governing Council of City of London Business in the Community.
- 2 The appointment of Mr M E Knight, at present Production Manager, Scale 9, at the Printing Works, to be Agent at the Bristol Branch, Scale 9 from 5 May to replace Mr J K McDowall on his retirement.

A Recommendation by the Governors of the following senior appointment to be made with effect from 26 March 1984, was approved:

<p>██████████ Deputy Production Manager, Printing Works, Printing Works Scale M2</p>	<p>to Scale M1 (equivalent to Banking Staff Scale 9), as Production Manager, Printing Works</p>
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*P. B. [Signature]*  
Assistant Secretary

*C. W. Mahon*  
9. ii. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 FEBRUARY 1984

## Present


Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, 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  
David Alan Walker, Esq

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John Christopher Roderick Dow, Esq  
Rodney Desmond Galpin, Esq

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

At the Governor's invitation Mr Blunden mentioned, in relation to the weekly Figures, that an all time record had been reached in respect of the Issue Department holdings of Other Securities. The Governor then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George commented on the problems associated with a recent issue of a new tap stock.



Also at the Governor's invitation -

- 1 Mr George commented on the preliminary estimates for EM3, PSL2 and M1 as at 18 January which showed more moderate monetary growth than the previous month's apparently erratically high figures.
- 2 Mr Loehnis introduced the January paper on International Economic Developments.
- 3 A Minute of the Committee of Treasury was laid before the Court containing recommendations arising from the Annual Review for certain senior appointments and awards of personal salary with effect from 1 March 1984. The Deputy Governor explained the background to the recommendations and the Minute was approved.

The Governor invited Mr Loehnis to speak about the impressions he had gained during his recent visits to India, Pakistan and Sri Lanka.

A Minute of the Committee of Treasury was laid before the Court recommending changes to certain of the Bank's subsidiary companies and to the Foundation for Management Education; and recommending the consequential changes in representation at Meetings pursuant to Section 139 of the Companies Act 1948. The recommendations in the Minute were approved, to take effect from 1 March 1984.

The Court took note of the forthcoming secondment of [redacted], an Adviser, Scale 8, [redacted] Department, to the [redacted].

*P. L. Johnson*

*Assistant Secretary*

*16 Feb. 1984*

*CWM Malton*

*16. ii. 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 FEBRUARY 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Sir Lionel Alexander Bethune Pilkington, FRS  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq  
Lord Weir

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John Christopher Roderick Dow, Esq  
John Standish Fforde, Esq

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

At the Governor's invitation Mr Blunden mentioned, in relation to the weekly figures, that the Bank's holdings of commercial and local authority bills had risen to a record level, following purchases to relieve shortages in the money market. The Governor then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

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Also at the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 18 January. The figures revealed a number of conflicting trends and both bank and building society lending continued to be of some concern; but taken as a whole, the figures were moderately reassuring. Wider consideration still did not point in any particular direction. Recovery appeared to be continuing, but not at a pace that was likely to make a real dent in unemployment. Recent price developments were encouraging, but unit labour costs could begin to increase late in the year. The exchange rate had been stable in effective terms, but not strong. The aim of the authorities had been to maintain stability.
- 2 Mr Dow introduced the Economic Report for February, drawing attention to some of its main points.
- 3 Sir Jasper Hollom spoke to the Court about a matter concerning the Court Pension Scheme. A Minute of the Committee of Treasury, recommending that a special, single, lump sum contribution of £851,337 be made to the Scheme in order to cover the deficiency shown in the actuarial valuation made as at 1 March 1983, was approved.

The Governor reported -

- 1 That from 1 March, and consequent upon the retirement of Sir Jasper Hollom as a Director of the Bank, Mr Blunden would become a Trustee of the Court Pension Scheme, and Sir Adrian Cadbury would become Chairman,

*dmv*



in the place of Sir Jasper Hollom. Also from 1 March, Mr Galpin would become an additional Trustee of the Bank of England Pension Fund.

- 2 That a new web-printed Series 'D' £10 note was to be brought into general circulation from the following Monday, 20 February.
- 3 The arrangements for the Royal Visit the following Wednesday.

The Governor took the opportunity to pay tribute to the contribution made by Mr Fforde as both a Member of the Court of Directors and as an Adviser to the Governor.

*forward*  
*for Secretary*  
*23<sup>rd</sup> February 1984*

*See*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 FEBRUARY 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Sir Jasper Quintus Hollom, KBE  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Sir Lionel Alexander Bethune Pilkington, FRS  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq  
Lord Weir


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John Christopher Roderick Dow, Esq

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

There being no comments on the weekly Figures, the Deputy Governor invited Mr George 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 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee incorporating the Annual Review of the Committee's work and the Audit Division's programme for the year beginning 1 March 1984. He noted the Committee's satisfaction with the work of
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the Audit Division, and paid tribute to the Auditor who had made a strong contribution to improving standards. "Losses" during the quarter were the lowest for a number of years and only three were of any sizeable amount. The Computer Group of the Audit Division was becoming increasingly active at the Printing Works where more computer systems were now in place. Strong efforts were being made to ensure that standards there were raised to a level similar to those at Head Office. The Report was approved.

- 2 Sir Jasper Hollom also introduced a Report of the Trustees of the Court Pension Scheme, together with the Report and Accounts of the Scheme for the year ended 28 February 1983. These were approved after a short discussion.
- 3 Sir Jasper Hollom explained the background to a Minute from the Charitable Appeals Committee recommending a donation of £3,000 to the Huguenot Heritage Appeal. The Minute was approved.

The Deputy Governor informed the Court of the death the previous week of Mr L P Thompson-McCausland, who had been an Adviser to the Governors from 1949 to 1965.

At the Deputy Governor's invitation, Sir Adrian Cadbury spoke about the impressions he had gained during his recent visit to South Africa.

Mr Blunden and Mr Dow having withdrawn, the Deputy Governor said that he wished to raise a matter discussed in Committee of Treasury that morning - namely pensions to be granted to certain Members of the Court Pension Scheme. It had originally been the intention that the Committee's recommendation should be taken at Court the following week but, since the next meeting of Court was on the day on which the pensions should become payable, he wished that



the matter be discussed this week. The recommendation of Committee of Treasury was that the principle followed in the past, namely that each Member should be granted the most favourable pension allowed by the rules of the Scheme, reduced where relevant only by the limits imposed by the Inland Revenue, should be observed. The Committee had noted, however, that the Inland Revenue limits would permit a significantly higher pension for Mr Blunden. The Deputy Governor told the Court that he intended to recommend to the Governor that, in the particular case of Mr Blunden, and in the light of the exceptional services he had rendered the Bank and the Court, his pension should be as great as the Inland Revenue rules allowed. Given the time constraints the Deputy Governor asked Court whether they would approve such a pension for Mr Blunden if the Governor were to recommend it. The Court duly approved this procedure in respect of Mr Blunden and approved the pensions for Mr Fforde and Mr Dow that the Committee of Treasury had recommended.

The Deputy Governor took the opportunity to pay tribute to the contribution made by Sir Jasper Hollom, Lord Weir, Sir Alastair Pilkington and Mr Dow as Members of the Court, and made particular reference to the long and distinguished service to the Bank of Sir Jasper Hollom.

*P. S. Inman*  
Secretary

*1 March 84*

*C. W. McMahon*

*1 . 3 . 84*

## COURT OF DIRECTORS

For the year ending 28 February 1985

## Declaration

made before      Date

		Robert Leigh-Pemberton Esq, Governor
		Christopher William McMahon Esq, Deputy Governor
		Lord Nelson of Stafford
		Sir George Adrian Hayhurst Cadbury
		Sir Hector Laing
Governor	1. 3.84	#George Blunden Esq
		Sir Robert Anthony Clark DSC
		Sir David Edward Charles Steel DSO MC
		Geoffrey Ayrton Drain Esq CBE
		Anthony David Loehnis Esq
		David Gerald Scholey Esq CBE
		Edward Alan John George Esq
		David Alan Walker Esq
		The Hon Sir John Francis Harcourt Baring CVO
		Alan Lord Esq CB
Governor	15. 3.84	*Dr David Valentine Atterton CBE
Governor	1. 3.84	*Rodney Desmond Galpin Esq
Governor	1. 3.84	*Professor Brian Griffiths

\*Appointed 1 March 1984

#Reappointed 1 March 1984

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 MARCH 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly figures, the  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges. Mr George drew attention to the recent change  
in the tax arrangements for Building Societies in respect  
of their holdings of gilt-edged. Mr Loehnis also



commented on the Official Reserves figures as at the end of February, which were to be published the following afternoon.

At the Governor's invitation -

- 1 Mr George introduced a paper prepared by the Gilt-Edged Division on Index-Linked Gilts in the UK, in response to a question raised by Sir John Baring at a previous Court. Mr George described the debate which had preceded the decision to introduce these stocks, in the course of which wide differences of view had been narrowed. Once the decision had been taken the Bank had done all that it could to develop the index-linked market; but it had been a difficult process, especially since the re-election of the Government last summer, and the market remained immature and narrow. In the discussion that followed, the complexity of indexed gilts was seen as one reason for the comparatively little interest by the institutions; but a more important factor might have been that Investment Managers believed better returns were available elsewhere.
- 2 Mr Loehnis introduced a statement of the Overseas Trade Figures for January.
- 3 The Deputy Governor introduced a Report of the Committee on Permanent Control of Expenditure covering various aspects of the Bank's operations and the Report was approved.

With reference to a Minute of 8 December 1983, a recommendation by the Governor on the appointment of Standing Committees in the ensuing year was read and approved.

*A. V. Johnson*  
 Secretary  
 8 March 84

*C. W. M. M. M. M. M.*  
 8. 3. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 MARCH 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 15 February and commented on the preliminary estimates for £M3, PSL2 and M1. He noted that the figures were better than expected, with £M3 unchanged and comfortably within the target range. M1 had grown reasonably modestly and was back to around the top of the range. However, PSL2 remained a source of some concern, still growing well outside the range with the building societies' component growing especially rapidly.
- 2 Mr Loehnis spoke about the February paper on International Economic Developments.
- 3 Mr Loehnis introduced a further paper on fiscal and monetary policy in the United States; uncertainties with regard to interest rates and the implications of the high budget deficit were discussed.
- 4 Mr Flemming introduced a quarterly Report from the Economics Division on Company Profitability and Finance, covering economic and financial developments in the third quarter of 1983 in the industrial and commercial company sector. Although company profits continued to rise, there was only modest growth in fixed investment and companies were also being cautious in their finances. In discussion it was said that investment was not only low but also appeared to be directed more towards cost savings rather than expansion or innovation. Concern was also expressed about the quality of some of the statistical data now available.
- 5 Mr Galpin spoke to the Court about two staff matters. The date for closing the Leeds Typing Pool was to be confirmed as 31 May 1985. It was hoped that the few remaining staff would leave under the terms of the



Voluntary Severance Scheme, but compulsory redundancies could not be ruled out. In the Premises Division it was proposed to revise the pay arrangements for certain supervisory building and engineering staff to match changes in their structure which had taken place since 1981.

With reference to a Minute of 8 December 1983, a recommendation by the Governor on Directors' visits to Branches and Offices of the Bank during the year 1984/85 was laid before the Court. The Governor commented that fulfilment of the previous year's programme of visits to Offices had been good and hoped that this would continue. The recommendation was approved.

Mr Blunden was granted permission to become a director of Eagle Star Insurance Company Limited, Portals Holdings Limited and Leopold Joseph and Sons Limited. None of the appointments would take effect before 1 June 1984.

The Governor advised the Court that the Bank had been asked by Mocatta & Goldsmid Limited to lend Volume 6 of the General Ledger for an exhibition to mark their tercentenary year. Because of the unique nature of the Ledger all necessary precautions would be taken with regard to its movement and safety. The Court concurred.

*P. B. Johnson*

*Secretary*

*15 March 84*

*C. W. Meddallion*

*15 . 3 . 84*

A COURT OF DIRECTORS AT THE BANK

THURSDAY 15 MARCH 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the  
Governor invited Mr George to speak about the state of the  
domestic markets and the Deputy Governor, in Mr Loehnis'  
absence, to speak about the exchanges.

Also at the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 15 February. He went on to describe the policy stance adopted by the Bank in the money market during the last month. The monetary aggregates as a whole were reasonably satisfactory; there was, however, still a possibility that bank lending could accelerate; and the growth of mortgage lending - if it persisted - could become a cause of concern. There were therefore grounds for caution about too rapid a fall in interest rates, but with inflation prospects reasonably reassuring, and given the Budget, it had seemed right to accept market pressure for the modest decline that had occurred.
  
- 2 Mr Flemming introduced a paper summarising the main proposals contained within the Chancellor's Budget statement and drew attention to the implications for the banks in the changes in corporation tax and capital allowances. In the discussion which followed, comment was made on the complicated nature of some of the proposals, which were also likely to have long-term implications. The Budget was not seen as having a marked effect on investment.
  
- 3 Mr George described the discussions with HM Treasury which had led to some revision in the monetary policy framework.

At the Governor's further invitation -

- 1 Mr Flemming spoke to the Court about a Report on Wage Developments to February 1984, drawing attention to some of its main points, including the lack of progress in reducing wage settlements. It was agreed

that 5% represented something of a barrier and it was proving difficult to secure settlements below this figure.

- 2 Mr Lord introduced the Annual Report of the Registrar's Department Liaison Committee which was laid before the Court.
- 3 Mr Blunden introduced a Report of the Trustees of the Bank of England Pension Fund recommending the acceptance of revised Rules for the Fund. The Report was approved.

*P. G. Johnson*

*Secretary*

*22 March 1984*

*John of St. Paul*

A COURT OF DIRECTORS AT THE B...

THURSDAY 22 MARCH 1984

Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

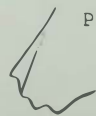
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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges.

The drafts of two sections of the March edition of the  
Quarterly Bulletin were laid before the Court. At the  
Deputy Governor's invitation, Mr Flemming spoke about the  
main features of the Economic Commentary, drawing  
attention to the possibility that recovery in the UK might  
be more durable than in the past. Mr George then  
introduced the section on the Operation of Monetary  
Policy.



With reference to a Minute of 6 October, the Deputy Governor explained, in the terms he had used earlier that morning to the Committee of Treasury, the proposals as regards the Bank's interim payment to HM Treasury in lieu of dividend and which the Committee of Treasury recommended to the Court. The proposal, for a payment of £7½ million to be made on 5 April, was then approved.

The Deputy Governor then invited -

- 1 Sir Robert Clark to introduce a Report of the Committee to consider the Securities of Certain Funds. After a discussion, the recommendation that authority be given to the Committee for the Pension Fund to borrow up to US\$30 million to cover approximately half the Fund's US portfolio, was approved, subject to determination by the Governors of the means of borrowing.
- 2 Mr Loehnis to introduce a paper on the aims and achievements of the European Monetary System. A discussion followed.

The Deputy Governor reported a satisfactory outcome to the meeting the previous day with the House of Commons Select Committee.

*P. S. Foronov*  
*Secretary*

*29 March 1984*

*John of Rappat*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 29 MARCH 1984

Present

Christopher William McMahon, Esq, Deputy Governor

Dr David Valentine Atterton CBE

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Rodney Desmond Galpin, Esq

Professor Brian Griffiths

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and 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 introduced a statement of the Overseas Trade Figures for February. A discussion followed.
- 2 With reference to a Minute of the previous week, Mr Flemming introduced the March edition of the Quarterly Bulletin, together with an edition of Bank Briefing. He drew attention to several features of the Assessment and to the Economic Commentary. Discussion centred on the extent and durability of the present recovery.
- 3 Mr Loehnis spoke to the Court about a paper which had been produced jointly by the Economics and International Divisions on oil market developments and the prospects for OPEC. A discussion followed.
- 4 Mr Walker introduced a paper from the Industrial Finance Division on Inflation Accounting and outlined the statement of intent agreed the previous day by the Accounting Standards Committee on the course to replace the present Statement of Standard Accounting Practice Number 16.

A statement of two retirements was laid before the Court.

*R. G. Tomlinson*  
Secretary

*C. W. M. Mahon*

5 - IV - 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 APRIL 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets; the overall impression had been one of resilience rather than weakness in the face of adverse US influences and the effects of the miners' dispute. Also at the Governor's

invitation Mr Loehnis spoke about the exchanges and commented on the Official Reserves figures for March, which had been published the previous Tuesday.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about press reactions to the publication, the previous Thursday, of the March edition of the Quarterly Bulletin.

At the Governor's invitation, Mr Loehnis spoke about the March paper on International Economic Developments.

The Governor then outlined to the Court the background to the proposed Mansion House Square Scheme, which had been considered by the Committee of Treasury earlier that morning. It had been thought appropriate for the Bank to have a view on the proposals, and, if necessary, to express that view. The Governor invited comments from Members and in the wide-ranging discussion which followed, arguments both for and against the Scheme were put forward. Attention was drawn to the commercial aspects of the venture; to the effect on the City skyline of the proposed tower block; and to the underground shopping facilities. A significant factor was that the design of the tower block was now 20 years out of date. Although the views of the Bank's staff had not been sought collectively, individuals would be free to comment to the Enquiry. It was agreed that consideration should be given to taking soundings from those organisations close to the Bank who were likely to be affected by the proposals and perhaps to co-ordinate their views.

A statement of two secondments was laid before the Court.

Four letters from Messrs Freshfields having been submitted together with four documents to be sealed, namely:-

- 1 A Deed of Transfer relating to the repossession of a house in Essex from a dismissed member of the staff.

- 2 A Licence, in duplicate, granted by the Bank permitting Wang (UK) Limited, tenants at the Birmingham Branch (known as Bank Chambers), to carry out certain specified alterations.
- 3 A Deed of Appointment, in duplicate, of a new Trustee to the Court Pension Scheme.
- 4 A Deed of Amendment and Appointment, in duplicate, of a new Trustee to the Bank of England (Staff) Pension Fund

the Court approved thereof and ORDERED that the documents in question be sealed with the Common Seal of the Bank.

The Governor mentioned to the Court that HM Queen Elizabeth the Queen Mother and HRH Princess Margaret had graciously accepted invitations to lunch with the Court on Friday 29 June and Thursday 19 July respectively.

Helen of Stafford

na Browne  
for Secretary  
12.4.84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 APRIL 1984

## Present

Christopher William McMahon, Esq, Deputy Governor

Dr David Valentine Atterton CBE

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Rodney Desmond Galpin, Esq

Edward Alan John George, Esq

Professor Brian Griffiths

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy Governor invited Mr George to speak about the state of the domestic markets and, in Mr Loehnis' absence, he himself spoke about the exchanges.

At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 21 March. In commenting on the preliminary estimates for the monetary aggregates, he mentioned that a change in definition of the target aggregates and the overlap of the target periods

complicated the presentation of the figures. Underlying trends in the figures were difficult to discern.

- 2 Mr Flemming drew the Court's attention to the Economic Report for April. He highlighted three issues: the path of unemployment over the last twelve months; the latest figures for manufacturers' wholesale buying and selling prices; and reports of rising house prices. A discussion ensued.
- 3 Mr Drain reported on his recent attendance at a meeting of the European Trades Union Confederation in Strasbourg.
- 4 Mr Galpin outlined to the Court the areas that a forthcoming review of the functions and operations of the Banking Department, to be started in the autumn, was expected to cover. It would look in detail at the banking and note issue functions both at Head Office and the Branches. In the case of the latter, the future needs and shape of the Bank's industrial liaison responsibilities would also be taken into account. Overall, the review would consider the appropriateness of the Department's functions in the light of expected changes in technology and the anticipated needs of customers over the next decade. The review would be thorough and comprehensive and some changes were likely to ensue.

The Deputy Governor mentioned to the Court the following matters:-

- 1 That Dr Atterton had been appointed a director of Barclays Bank plc from 1 May.

2 That, in preparation for the Bank's Tercentenary in 1994, it had been decided to commission a popular history of the Bank covering the Bank's first three hundred years. The history would be a high quality, well illustrated book aimed at the general reader and would complement, rather than compete with, the official histories of the Bank.

Mr Christopher Fildes, a financial journalist formerly with the Daily Mail, had been invited to write the book on a contract basis.

The Deputy Governor outlined the background to some recent adverse Press publicity over the Bank's withholding permission from the Samaritans over the use of a particular poster.

*P. C. Inman*  
Secretary

19 April 1984

*Len of Stafford*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 APRIL 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Sir Hector Laing  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets; and Mr Gill, Head of the Foreign Exchange Division, to attend in the absence of both the Deputy Governor and Mr Loehnis and to speak about the exchanges.

Also at the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 21 March. On the



narrower definitions, the figures were not unsatisfactory; EM3 was disappointingly high after two months of relatively low growth; and there was some potential concern over the possible future growth of bank lending and more immediately over the recent rapid growth in building society lending, which was causing rapid growth in PSL2. He went on to describe the policy stance adopted by the Bank in the money market during the last month. The evidence on monetary conditions remained ambiguous with pointers either way. Some reassurance that policy was not becoming too lax could be drawn from real interest rates which, on most bases, remained significantly positive.

- 2 Mr Cooke introduced the Report and Accounts of the Deposit Protection Board for the year ended 29 February 1984, which was laid before the Court. He drew attention to the need to call for further contributions to meet the insolvencies which had arisen.

With reference to a Minute of 5 April, the Governor informed the Court of the latest developments concerning the Mansion House Square Scheme, and about a recent meeting the Deputy Governor had held with those organisations close to the Bank who were most likely to be affected by the Scheme and who had generally decided to adopt a neutral stance. It was agreed that the Bank would also remain neutral but would keep in touch with the forthcoming Enquiry.

The Governor then invited Mr Galpin to speak about the following subjects.

- 1 The details of a new £20 note which was due to be issued to the public later in the year.
- 2 The forthcoming pay settlement at the Printing Works.

26. IV. 84

*P. S. Jordan*  
Secretary

*C. W. Malton*

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 APRIL 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
Sir George Adrian Hayhurst Cadbury  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation -

- 1 Mr Loehnis spoke to the Court about the World Economy Forecast paper for March. He outlined various factors which were likely to influence activity in the major economies. A discussion followed.

- 2 Sir David Steel introduced the Annual Report of the Charitable Appeals Committee. The Report was approved and it was agreed that the level of the Bank's annual budget for charitable donations should be increased from £75,000 to £125,000. It was also agreed that the limit on individual donations which the Committee might grant be increased to £5,000, and that the Committee should continue to aggregate terms of years donations in this respect.
- 3 Sir Adrian Cadbury and Dr Atterton spoke, in turn, about impressions gained during their recent visits to Australia and the United States, respectively.

The Governor passed on to the Court the appreciation which had been expressed, at the Annual General Meeting of the Bank of England Sports Club, which he had chaired on 24 April, for the support given to the Sports Club by both the Court and the Bank.

The Governor spoke to the Court about the seizure over the Easter holiday of counterfeit £50 notes and the resultant publicity.

P. S. Zimmerman  
Secretary

3 May 1984

C. W. M. Malton

3. V. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 MAY 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq

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

At the Governor's invitation -

- 1 Mr Galpin reported, in connection with the weekly figures, that there was no evidence that the fall in the number of notes in circulation owed anything to a loss of public confidence in the £50 note because of recently publicised forgeries.
- 2 Mr George spoke about the state of the domestic markets.

- 3 Mr Loehnis spoke about the exchanges and commented on the Official Reserve figures for April which had been published the previous day. He explained that a large proportion of the fall in the Reserves resulted from a repayment of borrowing made in 1977. Mr Loehnis later introduced a statement of the Overseas Trade figures for March.

Also at the Governor's invitation -

- 1 The Deputy Governor spoke about the draft Accounts of the Bank for the year ended 29 February 1984, which were laid before the Court. He pointed out that the proposal in the budget to reduce corporation tax rates and to phase out first year allowances would require an additional provision for deferred tax of some £11 million. This had brought into question the formula for the amount of dividend, agreed with H M Treasury the previous year and discussions had commenced to share equally post-tax profits. After some discussion it was agreed that, subject to agreement with H M Treasury concerning the dividend, the draft Accounts and the level of the dividend would be submitted for the approval of Court the following week.
- 2 Mr Loehnis then introduced a paper on recent economic developments in France and a discussion ensued.
- 3 Mr Drain introduced a Report of the Staff Committee and a recommendation to change the Bank's nationality regulations. The Report and recommendation were approved.

*P. R. Tomkinson*  
Secretary  
10 May 84

*Cum gratia*  
10. 5. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 MAY 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation -

1. Mr George introduced a statement of the Banking Figures as at 18 April. In commenting on the preliminary estimates for the monetary aggregates he said that the rate of growth of the target aggregates, M0 and £M3, fell back in banking April, and were satisfactory on an annualised basis over recent months. But there was

some suggestion in the behaviour of the aggregates, notably M2 and PSL2, that the target aggregates gave an unduly favourable impression. PSL2 in particular continued to increase at an uncomfortably rapid pace. The public sector borrowing requirement for banking April had been higher than expected, and had nevertheless been accompanied by high bank lending to the private sector.

- 2 Mr Loehnis spoke about the April paper on International Economic Developments and there was some discussion.
- 3 The Deputy Governor introduced a Report of the Committee on Permanent Control of Expenditure covering various aspects of the Bank's operations and the Report was approved. Attention was drawn to a possible future area of conflict with HM Treasury in respect of capital expenditure which might well exceed the PESC baseline in the next two years.
- 4 With reference to a Minute of the previous week, the Deputy Governor spoke about the Annual Report and Accounts of the Bank and reported on the latest position with respect to the payment to HM Treasury in lieu of dividend. No agreement had been reached with HM Treasury, as the Bank's proposal to share equally post-tax profits had not so far been accepted by them. It was likely that HM Treasury would propose that the Bank's retention should be one-third of pre-tax profits. The Deputy Governor recommended that any such proposal be rejected. A fall-back position could be the retention of the existing formula. After some discussion, during which a suggestion was made that future Reports should include a tribute to the Staff of the Bank and to retiring Directors, the Deputy Governor's recommendation was agreed and the Court gave their provisional approval of the Accounts, subject to final confirmation the following week when the Report and Accounts would be resubmitted to be approved and signed.

The Governor reported that as a consequence of the delay in agreeing the dividend, the publication of the Report and Accounts would be deferred for at least a week.

- 5 Mr Galpin spoke about the annual negotiations for an across-the-board salary increase and for other benefits which were about to be formally presented to the Bank by the Bank of England Staff Organisation on behalf of staff in the bargaining unit. The claim looked likely to mirror the claim made by staff in the clearing banks. He did not propose to respond with an offer until the Union had elaborated on their claim. After a short discussion, the Court concurred with the line Mr Galpin proposed to take in negotiating with the Union.

He then went on to speak to the Court about two senior appointments at the Printing Works. Consequent upon the forthcoming retirement of the Deputy General Manager [redacted] and the Manager, Engineering Services Division [redacted] it was proposed to appoint [redacted] and [redacted], respectively, to these positions. A Recommendation of the Governors for these appointments to be made with effect from 3 August 1984 and 18 July 1984, respectively, was approved.

[redacted] [redacted]  
Personnel Manager,  
Scale M1

to be Deputy General Manager,  
on Point GMC

[redacted] [redacted]  
Engineering and  
Development Manager,  
Engineering Services  
Division, Scale M2

to be Manager, Engineering  
Services Division, Scale M1

It was further agreed to apply the same percentage across-the-board increase to the salaries of Senior Officials on the Printing Works pay structure as applied to their subordinate staff.

*P. B. Johnson*  
Secretary 17. 5. 84

*Cwm Mahon*  
18. 5. 84



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 MAY 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges.

Also at the Governor's invitation -

- 1 With reference to a Minute of the previous week, the  
Deputy Governor reported that agreement had not so  
far been reached with H M Treasury with respect to  
the payment due in lieu of dividend. There had been  
an exchange of letters between the Bank and

H M Treasury and, as foreshadowed at the last meeting, H M Treasury had sought to vary the formula agreed the previous year, for arriving at the amount of dividend, in view of the changes in Corporation Tax; and had proposed that the Bank's retention should be one third of pre-tax profits. The Bank had responded with the suggestion to share equally post-tax profits.

Further negotiations were due to take place and the Deputy Governor reminded the Court of the Bank's concern to maintain an adequate level of free capital and reserves. He pointed to the change in stance by H M Treasury who had earlier argued that the amount of the dividend should not be affected by a variation in the Bank's tax liability. During a wide-ranging discussion the need for the Bank to maintain its independence was stressed. It was then agreed that if the Bank's proposal was not accepted, it might be possible to move to the position indicated by H M Treasury, provided that assurance could be obtained that the retention of one third of pre-tax profits would not be varied by future tax changes.

- 2 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 18 April. These did not differ materially from the preliminary estimates. No clear message emerged from the figures but concern remained at the pace of bank lending to the private sector and the rapid rate of increase in mortgage lending. He went on to describe the policy stance adopted by the Bank in the money market during the last month. Although the monetary analysis did not suggest a compelling need for higher interest rates, nor did it provide sufficient justification for total resistance to strong market pressure for some



increase. The higher profile action that would have been involved in such resistance would have reinforced market fears that the authorities' counter-inflationary resolve had weakened.

- 3 Mr Flemming introduced the Economic Report for May and a short discussion ensued.
- 4 Mr Galpin introduced a Report of the Staff Committee (the Chairman, Mr Drain, having been unable to attend the previous week's meeting of the Committee) on an increase in pensions and allowances. The Report was approved.

With reference to a Minute of the previous week, he went on to speak to the Court about the claim which had been submitted by the Bank of England Staff Organisation. The Union had been asked to elaborate on certain aspects of their claim and a further meeting would be held early in June.

The Court gave approval to Mr Blunden's request to become a director of Grindlays Holdings and the Governor mentioned that Professor Griffiths had been appointed a trustee of the Kingham Hill Trust and a Member of the Trust Corporation which held the title of the Trust's assets.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Conveyance of freehold land in Bishop's Stortford, Hertfordshire, the Court approved thereof and

ORDERED

*J. Jones*  
Secretary  
that the document in question be sealed with the Common Seal of the Bank.

4 May 84 24. 5. 84

*C. W. M. Mahon*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 MAY 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

At the Governor's invitation, Mr Galpin mentioned, in respect of the weekly figures, that the Spring holiday peak in the note circulation was about to be reached and would be almost 5% higher than the previous year. The Governor then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George commented on the various internal and external factors behind the nervousness evident in the markets during the previous week and a discussion followed.

Also at the Governor's invitation -

- 1 Sir Hector Laing introduced a Report of the Debden Committee covering the Annual Report and audited Accounts of the Printing Works for the year ended 29 February 1984. He drew attention to several aspects of the Printing Works' operations, including its commercial activities. He also expressed the Committee's wish for a film to be made about the Security aspect of bank note printing in this country in order to increase public awareness in this area.
- 2 Mr Loehnis introduced a paper on Portfolio Investment which had been prepared in response to a question raised by Sir John Baring.
- 3 Mr Flemming spoke about a paper, prepared at the suggestion of Mr Lord, concerning the economic and financial impact of the current miners' dispute, and there was some discussion.
- 4 With reference to a Minute of the previous week concerning the Report and Accounts of the Bank for the year ended 29 February 1984, the Deputy Governor informed the Court of the agreement that had been reached with HM Treasury with regard to the payment due in lieu of dividend. A Governor's recommendation that the Accounts for that year be approved and signed, and that the Annual Report and Accounts of the Bank, including the Annual Report by the Bank made in pursuance of Section 4(1) of the Banking Act 1979, be printed and issued, was submitted and approved.

A statement of a recent retirement was laid before the Court.

*P. S. Johnson*  
Secretary  
31 May 1984

*C. W. M. Mahon*  
31. 5. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 31 MAY 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. There was some discussion concerning the factors surrounding the continuing nervousness in the markets during the preceding week, in particular the situation with regard to Latin American debt. Mr Loehnis then went on to introduce a statement of the Overseas Trade Figures for April.



Also at the Governor's invitation -

- 1 Mr Walker spoke about the interests of corporate borrowers and issuers in the changing Stock Exchange, stressing the importance of maintaining liquidity. He outlined the various options put forward for consideration and drew attention to the need for early decisions if new technology was to be introduced and the proposed timetable of implementation by 1986 was to be met.
- 2 Mr Drain spoke about impressions gained during his recent visit to Canada.

The Governor spoke to the Court about the final arrangements for the 250th Anniversary Reception to be held in the Bank the following Monday, 4 June.

*P. G. Tomkinson*

*7 June 84*

*Secretary*

*C. W. McMahon*

*7. 6. 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 7 JUNE 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr Loehnis then went on to comment on the Official Reserves figures for May which had been published the previous Monday.



Also at the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 16 May. The rate of growth indicated in the preliminary estimates for the target aggregates had been satisfactory in the month, and in the case of EM3 much lower than the market expected. Concern remained over the rate of growth of PSL2.
- 2 Mr Blunden introduced the Quarterly Report of the Audit Committee. In commenting on some aspects of the Report, he mentioned the favourable impression created by the new Auditor. The Report was approved.
- 3 With reference to a Minute of 17 May, Mr Galpin spoke to the Court about the position regarding the pay claim. He mentioned that the Joint Negotiating Council was to meet the following day and described the line he proposed to take in negotiation. External factors included recent settlements made in respect of Post Office and Railway workers and the position reached with the Civil Service. He spoke about the offer he proposed to make as an across-the-board award and stressed the importance of the need to allow room for improvement in negotiation. He also outlined how he intended to deal with the other pay-related claims made by the Union. There was general discussion during which reference was made to settlements by the clearing banks and at the Printing Works; to the impact of cash limits; and to the possibility of arbitration. It was agreed that there should be an upper limit set to the amount of the Bank's offer.

With reference to Minutes of 24 May and earlier, the Governor spoke to the Court about some press reaction to the publication, the previous Monday, of the Bank's Annual Report and Accounts.

Three letters from Messrs Freshfields having been submitted together with three documents to be sealed, namely:-

- 1 A Deed of Covenant with the Charities Aid Foundation.
- 2 A Deed of Variation, in triplicate, relating to the underletting of part of the 8th floor at Bank House, Manchester by the Bank's tenants, Arthur Andersen and Co, to the National Enterprise Board.
- 3 A Deed of Variation, in duplicate, relating to the underletting of part of the 11th floor at Bank House, Manchester, by Arthur Andersen and Co, to Vantona Viyella plc.

the Court approved thereof and ORDERED that the documents in question be sealed with the Common Seal of the Bank.

The Governor spoke to the Court about his recent visit to Philadelphia to attend an international monetary conference.

*P. S. Zimmerman*  
*Secretary*

*14 June 84*

*C W M Mahon*

*14 . 6 . 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 JUNE 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures

as at 16 May. There was no significant difference between these and the preliminary estimates. As to policy, while there continued to be a number of areas of concern, eg the growth of building society lending and of PSL2, the picture overall did not appear to call for any tightening. In particular the prospect for inflation remained relatively favourable, and real interest rates remained significantly positive. It was against this background that the Bank had in its market operations resisted market pressures for higher short-term interest rates, though Mr George noted that there were limits to how far this could be done without damaging effect on market sentiment.

- 2 Mr Loehnis introduced two papers from the International Division, one covering International Economic Developments for May and the other on the effects of US policy on the domestic and international economies. A discussion ensued.
- 3 With reference to a Minute of the previous week Mr Galpin spoke to the Court about the latest position regarding the pay claim following the meeting of the Joint Negotiating Council on 8 June. He reported that, following protracted negotiations, he had been able to reach a settlement with the Union for an across-the-board award of 5½% from 1 July. It was recommended that the same rate of increase should also apply to the salaries of those senior staff above the bargaining unit and this was approved.
- 4 Dr Atterton and Mr Cooke spoke, in turn, about impressions gained during their recent visits to Italy and Russia, respectively.

The Governor drew to the Court's attention two forthcoming events: the visit of HRH Princess Margaret to lunch on 19 July and the Reception for Staff on 23 July.

*P. S. Tomlinson*  
Secretary 21 June 64

*John of Stafford*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 JUNE 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq


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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation -

- 1 Mr Flemming spoke about two sections of the forthcoming June edition of the Quarterly Bulletin, one covering the Economic Commentary and the other on developments in the external balance sheet of the United Kingdom to end 1983, drawing attention to some of the salient features. A short discussion followed.
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- 2 Lord Nelson and Sir David Steel spoke, in turn, about impressions gained during their recent visits to South Africa and Australia, and Turkey, respectively.

The following were laid before the Court -

- 1 An abstract of awards from the Birthday Honours List.
- 2 A statement of three retirements.

P. L. Tomlinson  
Secretary

Allan Cadbury

28 June 1984

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 JUNE 1984

Present

George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

In the absence of the Governor and the Deputy Governor, Lord Nelson was chosen Chairman pursuant to the provisions of Clause 6(2) of the Charter of 1 March 1946.

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

There being no comments on the weekly Figures, Lord Nelson invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets. He spoke about the upward pressure on interest rates which had caused those clearing banks with base rates of 9% to come into line with those on 9¼%. The opportunity had been taken to adjust the pattern of the Bank's dealing rates in the money market, but without wishing to imply that any change in the general level of rates was thought

necessary. To avoid misunderstanding, a statement was issued saying that, on monetary policy grounds, there was no need for any general increase in the level of domestic interest rates. It was not intended to adopt a regular practice of making official statements about interest rates, but it had to be conceded that the initial results had on this occasion been favourable. Mr Loehnis then spoke about the exchanges and went on to introduce a statement of the Overseas Trade Figures for May.

Also at Lord Nelson's invitation -

- 1 With reference to a Minute of the previous week, Mr Flemming introduced the June edition of the Quarterly Bulletin, together with the latest edition of Bank Briefing. He drew attention to several features of the Assessment and to the Economic Commentary and Mr Walker spoke about an article in the Bulletin on Venture Capital in the United Kingdom. He mentioned the problems of obtaining reliable statistics in this area; and the steps being taken in respect of the provision of finance for research and development. Mr Flemming then drew the Court's attention to a confidential paper giving short-term forecasts for the UK economy and a short discussion followed.
  
- 2 Mr Loehnis introduced a paper, on a World Payments Report for June, being the Bank's review of international balance of payments and exchange rate developments.

Lord Nelson drew the Court's attention to the arrangements for the Royal Visit the following day by Her Majesty Queen Elizabeth The Queen Mother.

*P. S. Tomkinson*  
 Secretary  
 5 July 1984

*John J. Hoff*



## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 JULY 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr Loehnis then went on to comment on the Official Reserves figures for June which had been published the previous Tuesday.

Also at the Governor's invitation, Mr Loehnis introduced two papers from the International Division, one covering International Economic Developments for June and the other on recent economic developments in West Germany. A short discussion followed.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about some press reactions to the publication, the previous Thursday, of the June edition of the Quarterly Bulletin.

At the Governor's invitation, Mr Loehnis, Mr George, Mr Walker, Mr Galpin and Mr Flemming having withdrawn in accordance with Section 10 of the Charter, Sir Adrian Cadbury introduced a Minute of the Committee of Treasury of 28 June recommending increases, with effect from 1 July 1984, in the Special Remuneration of the Deputy Governor and the Executive Directors and in the salaries of the Associate Director, Mr Cooke, and the Adviser to the Governor, Mr Flemming; and the Court confirmed their approval of the Committee of Treasury's Minute.

The Governor having withdrawn in accordance with Section 10 of the Charter, Lord Nelson took the Chair in accordance with Section 6(2) of the Charter and invited Mr Galpin to return to make up the quorum. Lord Nelson then invited Sir Adrian Cadbury to introduce a second Minute of the Committee of Treasury recommending an increase, with effect from 1 July 1984, in the Special Remuneration of the Governor, which was approved.

Mr Blunden having withdrawn, also in accordance with Section 10 of the Charter, Mr Galpin remained and Lord Nelson invited Mr Walker to return in order to maintain a quorate Court. Mr Galpin and Mr Walker having declared their prospective interest, Lord Nelson then invited Sir Adrian Cadbury to introduce a third Minute of the Committee of Treasury recommending increases, again with effect from 1 July 1984, in the pensions and allowances in payment to former Governors and Executive Directors and to the widows of two former Executive Directors; and recommending a change in the basis of calculating such increases in future. This Minute was also approved.

*na Bromage*  
Secretary  
12 July 1984

*Belton of Stafford*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 JULY 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges. There followed a wide-ranging discussion  
reflecting the difficulties experienced in trying to  
assess the individual parts played in the events in the  
markets during the last week by a number of different

elements: the high level of US interest rates; the effect of the mineworkers' and dockworkers' strikes; and the behaviour of the foreign exchanges.

Also at the Deputy Governor's invitation:-

- 1 Mr George introduced a statement of the Banking figures as at 20 June. This led to further discussion but it was agreed that a fuller debate should await next week's final banking figures.
- 2 Mr Flemming highlighted the main points of the Economic Report for July and went on to draw the Court's attention to a confidential paper, giving short-term forecasts for the UK's economy, which had been discussed briefly on 28 June. A discussion followed and some concern was expressed over the somewhat depressing picture the forecasts presented.

The Deputy Governor outlined to the Court the arrangements for the Royal Visit the following Thursday by Her Royal Highness The Princess Margaret.

Sir Robert Clark having withdrawn, the Court gave approval to his joining the Board of Marley plc.

*Heckok Lang*

*P. C. Jermarow*  
*Secretary*

*19 July 1984*

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 JULY 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
David Gerald Scholey, Esq, CBE

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets; and Mr Gill, Head of the Foreign Exchange Division, to attend in the absence of both the Deputy Governor and Mr Loehnis and to speak about the exchanges.

Also at the Governor's invitation -

- 1 Mr Flemming introduced a quarterly Report from the Economics Division on Company Profitability and Finance, covering economic and financial developments in the industrial and commercial company sector in the final quarter of 1983 and a supplementary note on

the first quarter of 1984. Some discussion ensued on the difficulty of obtaining reliable, up to date statistical information.

- 2 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 20 June. The figures did not cause any change in the Bank's view that the monetary position was judged to be satisfactory, despite some points of continuing concern. Mr George described the strategy of leaning against market pressure for higher interest rates that had been pursued in recent months, and, in that context, reviewed the tactics of the last few weeks. The aim had continued to be to minimise the rise in interest rates and this had involved overt action. Despite this a sharp increase in rates had proved unavoidable against the background of continuing high US rates and domestic industrial unrest as well as market concerns about the UK monetary situation which had not been allayed.

It was agreed that further discussion on monetary policy techniques would be helpful.

The Governor reminded the Court about the arrangements for the 250th Anniversary Reception for Staff to be held in the Bank the following Monday, 23 July.

*P. G. Zimmerman*

*Adrian Cadbury.*

*Sussex*

*26. July 1984*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 JULY 1984

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

Rodney Desmond Galpin, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Sir David Edward Charles Steel, DSO, MC


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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and 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 introduced a paper from the International Division on recent economic developments in Japan.
  - 2 Mr Blunden reminded Members of the original cost to the Bank of supporting Slater, Walker Limited and related accumulated profits, since it became a subsidiary of the Bank, to these costs. He then introduced the Report and Accounts for the year ended 29 February 1984, which were laid before the Court, and described some of the problems which remained to be dealt with.
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- 3 Mr Blunden went on to introduce a Report of the Trustees of the Bank of England Pension Fund, together with the annual Report and Accounts of the Fund for the year ended 29 February 1984. He drew attention to the changing balance between members and beneficiaries of the Fund; and to the fact that the Fund was now fully mature. The payment of benefits considerably exceeded contributions and absorbed much of investment income, leaving only an amount equal to just over 1% of the total Fund available for new investment.

A statement of three secondments was laid before the Court.

The Deputy Governor spoke to the Court about an arbitration case between the Bank and the clearing banks over the question of costs for the clearing of cheques; and the need for the Bank to seek fresh legal representation.

P. C. Tomlinson  
Secretary  
9. Aug. 84

C. W. M. Mahon  
9. 8. 84



## A MEETING OF DIRECTORS AT THE BANK

THURSDAY 2 AUGUST 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq

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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.

There being no comments on the weekly Figures, the Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets; and Mr Loehnis to speak about the exchanges. Mr Loehnis then went on to comment on the Official Reserves figures for July, which were to be published later that day.

Also at the Governor's invitation, Mr Loehnis introduced a statement of the Overseas Trade figures for June and a short discussion followed on the current oil surplus and the ramifications of a drop in oil prices. He then spoke about the latest quarterly Commodities Report, which had been produced by the International Division.

A statement of two forthcoming retirements was laid before the Court.

The Governor mentioned the likelihood of the presentation of a sequestration order in respect of holdings of gilt-edged stock, managed by the Bank, in the names of the [REDACTED]  
[REDACTED].

The Governor also spoke to the Court about arrangements proposed for the Government Broker which would follow a change at Mullens and Co.

P. C. Inman

Secretary

9. Aug. 84

C W M Mahon

9. 8. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 9 AUGUST 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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The Minutes of the Court of 26 July were confirmed and those of the Meeting of 2 August, which had also been circulated, were approved.

There being no comments on the weekly Figures, the Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets. Mr Coleby commented that, in its operations in the previous week, the Bank had actively encouraged a reduction in interest rates and in yields. Mr Loehnis then spoke about the exchanges.

Also at the Governor's invitation -

- 1 Mr Coleby, who was asked to remain for this item, introduced a statement of the Banking Figures as at 18 July, which showed that all measures of the monetary

aggregates were comfortably within the target ranges. A significant factor in this position had been the drop in the pace of bank lending. The figures confirmed the statement, made in June, that monetary conditions were well under control.

- 2 With reference to a Minute of 6 October 1983, the Deputy Governor informed the Court of the latest developments concerning the future of the Commonwealth Development Finance Company Limited. He outlined the steps being taken towards the buying out, by the Bank, of the other shareholders with a view to the disposal of the Company as a going concern, or its eventual liquidation. He undertook to keep the Court advised of progress.
- 3 Sir David Steel introduced a quarterly Report of the Charitable Appeals Committee which was approved.
- 4 Mr Galpin spoke to the Court about the following:-
- (i) Consequent upon the forthcoming retirement of the Agent at Liverpool Branch, a Recommendation of the Governors for the following senior appointment, to be made with effect from 1 November 1984, which was approved.
- I A CRAIK [redacted] to Scale 9, as Agent  
Assistant to the Chief [redacted] at Liverpool Branch  
of the Banking Department,  
Scale 8
- (ii) A Minute of the Committee of Treasury recommending an ex gratia payment to Miss [redacted] of [redacted] following her retirement as [redacted] [redacted] on 2 August. The Minute was also approved.
- 5 With reference to a Minute of 25 November 1982, Lord Nelson introduced a Report of the Committee on Bank Premises recommending that the project for the

refurbishment of New Change should proceed to the next stage of the design process and for physical work to commence on Phase I in mid-1985. The Deputy Governor then drew the Court's attention to a discussion which had taken place at Committee of Treasury that morning about the likelihood of difficulty with H M Treasury over the capital expenditure programme for the project, and how it was proposed the Bank should proceed. There was no dissent from this proposed course of action.

However, several Members sought more information about the plans for the New Change building before agreeing to the capital expenditure proposed. After some discussion it was agreed that further consideration of the Report should be deferred until additional information had been made available and Mr Galpin had had an opportunity to talk to those Members who had expressed reservations about the Committee's proposals.

*P. R. Tomkinson*  
Secretary  
16 Aug. 84

*George Blunden*  
16-8-84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 AUGUST 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Anthony David Loehnis, Esq  
David Alan Walker, Esq

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William Peter Cooke, Esq

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

There being no comments on the weekly Figures, the Deputy  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges. Mr George said that there had been market  
pressure for a further reduction in interest rates during  
the week; the Bank had not yet responded to that pressure  
because it did not want to encourage excessive enthusiasm.  
Expectations appeared now, however, to be becoming more  
moderate.

Also at the Deputy Governor's invitation:-

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 18 July. While a part of the difference between the June and July figures had been expected and could be explained in terms of particular factors affecting the PSBR and government funding, there had clearly also been a large erratic variation between the two months. The Bank's view of the underlying monetary situation, which remained generally satisfactory, had not significantly altered through the period. In its operations in the latest month the Bank had accordingly encouraged interest rates to move back down towards their level before the market-induced rise.
  
- 2 Mr Loehnis spoke about the July paper on International Economic Developments and there was some discussion.

The Deputy Governor, Chairman of the Trustees, introduced the Report of the Advisory Committee of the Houblon-Norman Fund, which was laid before the Court.

*P. R. Tomkinson*  
Secretary

23 Aug 84

*George Blunden*  
23 - 8 - 1984

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 23 AUGUST 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Alan Lord, Esq, CB  
David Alan Walker, Esq


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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy  
Governor invited Mr George to speak about the state of the  
domestic markets and, in Mr Loehnis' absence, he himself  
spoke about the exchanges.

Also at the Deputy Governor's invitation:-

- 1 Mr Flemming introduced the Economic Report for August.  
He then went on to draw the Court's attention to a  
confidential paper, giving short-term forecasts for  
the UK economy, and a discussion followed.
- 



- 2 Mr Walker spoke to the Court about developments in the securities markets and elements in a structure for securities regulation which would be appropriate to meet the changes in trading mechanisms and the new financial groupings which were emerging. He described the discussions which had taken place and the problems remaining to be resolved; although it was commonly supposed that the choice was between either a self-regulatory or a wholly statutory structure, it was hard to conceive any sensible way forward that did not involve both continuing self-regulation and statutory underpinning. He went on to outline the Bank's role in helping to formulate a coherent structure and undertook to keep Court abreast of progress over what was likely to be the critical period before the end of the year.

P. R. Tomkinson  
Secretary

C W M Walker  
30 . 8 . 84

30 August 1984

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 30 AUGUST 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and, in Mr Loehnis' absence, the Deputy Governor to speak about the exchanges.

Also at the Governor's invitation:-

- 1 Mr Flemming introduced a statement of the Overseas Trade figures for July.

2 Sir Robert Clark introduced a Report of the Committee to consider the Securities of Certain Funds drawing attention to the high level of performance achieved during the period. He explained the proposals for varying the target range in respect of overseas investments; and for merging the management of the investment portfolio of the Staff Pension Fund with that of the Court Pension Scheme, subject to agreement from the respective Trustees.

He then turned to the aspect in the Report concerning the Fund's broking arrangements and the recommendation that Mullens, who did not provide research expertise, should be gradually replaced. This had been proposed before the forthcoming merger of Mullens with other organisations had been known. It was now proposed that, to cushion the effect on Mullens of the fall in equity commission income, they should be retained together with Cazenoves until the merger took place.

In approving the Report, Court agreed that the Investment Manager should apply his normal criteria to a proposal to underwrite a substantial amount of the British Telecom flotation; and that in future the appendix listing individual transactions need not be circulated. With reference to a Minute of 2 February 1984, Sir Robert Clark reported that the additional investment manager being sought by the Bank had been appointed to start work in October.

The Governor spoke to the Court about the increasing possibility of Members having a direct involvement in such investment matters as a result of the new groupings emerging in the City; and the need to consider the formulation of an arrangement to meet these circumstances which might entail withholding sensitive papers from those concerned and their exclusion from debate of the subject. It was agreed that this should be given further consideration.

At the Governor's invitation Mr Galpin spoke to the Court about the installation in the Bank of a Viewdata system, and the Bank's involvement in this technological development. He described the background to the introduction of the system, outlined the programme for the installation of two types of screen and mentioned some of the steps being introduced to control costs.

*A. R. Tomlinson*  
*Secretary*

*6 Sept 84*

*C. W. Mahon*

*6. 9. 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 6 SEPTEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the  
Governor invited Mr Coleby, Assistant Director in charge  
of the Money Markets Division, to attend, in Mr George's  
absence, and speak about the state of the domestic  
markets. He reported a change of sentiment based on the  
continuing strength of the dollar, the present industrial  
unrest and the preliminary banking figures. Hopes of a  
fall in base rates had been disappointed. Mr Loehnis

then spoke about the exchanges and went on to comment on the Official Reserves figures for August, which had been published the previous Tuesday.

Also at the Governor's invitation:-

- 1 Mr Coleby, who was asked to remain for this item, introduced a statement of the Banking Figures as at 15 August. Although the figures had been greeted with some disappointment they were in themselves satisfactory and the aggregates remained within their target ranges.
- 2 With reference to a Minute of 9 August, Lord Nelson introduced a Report of the Committee on Bank Premises recommending that the project for the refurbishment of New Change should proceed to the next stage of the design process and for physical work to commence on Phase I in mid-1985. A further paper had been prepared in response to questions raised at the earlier meeting, explaining the decisions taken in 1982; the basis for those decisions had not changed. After a brief discussion the Premises Committee Report and its recommendations were approved.

With reference to a Minute of 23 August, the Governor spoke further to the Court about the future structure of regulation in the securities industry. He referred to the group he had set up earlier in the year to advise on this matter and spoke about the main elements of the advice that he had now received, stressing that it was important that this should remain confidential to the Bank. Neither self-regulation in isolation nor a wholly statutory solution would be a practicable way forward. The characteristic on which the advisory group placed special emphasis was practitioner involvement in the regulatory process, and the Governor shared the preference



of the group for practitioner-based regulation on a statutory foundation, to be headed by a private sector body recognised as the competent authority by government.

The Governor added that some desire had been expressed that the Bank should be formally involved, possibly through being given statutory responsibility, in part to reduce the risk of official interference in the regulatory process. But there were strong arguments against this, and it would seem preferable to seek to achieve the objective of insulation of the new authority from undue interference in other ways, including in particular appointment by the Governor of the chairman and members of the authority.

The Governor reminded Members of the confidentiality of the advisory group's proposals. A discussion followed which included comment on the composition of the proposed Council and its statutory responsibilities; the setting up of agencies for the various markets and the issuing of licences; the introduction of an appeal mechanism; and the costs of operation.

The Governor said that advice on the lines proposed would be given to Ministers in the near future and that he would keep the Court advised of progress.

*P. R. Ingham*

*Secretary*

*13 Sept. 84*

*John of Rufford*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 13 SEPTEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George reported that the influence of somewhat more favourable trends in US interest rates and hopes that progress might be made in the industrial disputes in the UK had helped sentiment to improve.

Also at the Governor's invitation:-

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the



Money and Banking Figures as at 15 August which confirmed that the aggregates were comfortably within the target ranges. The growth of bank lending, a source of worry earlier in the year, appeared to have slowed. With the monetary situation seen to be well in hand, the domestic markets had been little affected by the recent strength of the dollar, in contrast to their sensitivity to the exchange rate earlier in the summer. It was difficult to interpret what was happening to underlying activity but inflation indicators were favourable. Policy in the past month had been to resist periodic market pressures for a rise in interest rates. What happened from this point would depend importantly on US developments, currently somewhat more helpful, and on the course of the industrial disputes.

- 2 Mr Loehnis spoke about the August paper on International Economic Developments. The increasing divergence of the development of the economies of the United States and of Europe was discussed, with particular attention being given to the general problem of investment in the UK. It was agreed that this should be given further consideration in due course.

The Governor spoke to the Court about the following:-

- (i) A recommendation by the Governors of the following senior appointment, to be made with effect from 24 September 1984, which was approved:-

	to be Adviser in the
An Adviser, Financial	Banking Department, on
Statistics Division,	Point C
Scale 9	

- (ii) A statement, which was laid before the Court, of the forthcoming secondment of [redacted], Scale 5, Banking Supervision Division, to the [redacted].

*L. A. Coughlin*  
 Assistant Secretary  
 4th October 1984

*C. W. M. Graham*  
 4. X. 84

## A MEETING OF DIRECTORS AT THE BANK

THURSDAY 20 SEPTEMBER 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Alan Lord, Esq, CB

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William Peter Cooke, Esq  
John Stanton Flemming, 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.

There being no comments on the weekly Figures, the Deputy Governor invited Mr George to speak about the state of the domestic markets. He reported that the breakdown of the miners' talks and the recent strength of the dollar had caused a sharp setback to sentiment though this had steadied with news of the settlement of the dock strike and helpful influence from US interest rates. In Mr Loehnis' absence, the Deputy Governor then spoke about the exchanges.

Also at the Deputy Governor's invitation:-

- 1 Mr Blunden introduced the quarterly Report of the Audit Committee. He explained that the software package purchased to computerise EEA Investments was a matter of some concern to the Committee in that the Auditor might find it difficult to certify that he was content for it to go live, because the number of errors found in testing could lead to inadequate documentation. He also reported that the Bank had now received £86,000 from the FRB New York in compensation for their failure to present certain bearer notes for payment, thus reducing the loss of £140,000 which was reported to Court in December 1982. After a short discussion, the Meeting approved the Report.
  
- 2 Mr Flemming introduced the draft of the Economic Commentary which would appear in the September edition of the Quarterly Bulletin due for publication on 1 October. He then described the main features of the Economic Report for September. A discussion followed covering both papers.

The Deputy Governor suggested, and Members agreed, that the Annual Report and Accounts of EBS Investments Ltd be held over until the following week.

*G. A. Croughton*  
 Assistant Secretary  
 4th October 1984

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

*4 - X - 84*

## A MEETING OF DIRECTORS AT THE BANK

THURSDAY 27 SEPTEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, 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 Meeting of 20 September, having been circulated, were approved.

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets. In Mr Loehnis' absence, Mr Gill was invited to attend and spoke about the exchanges.

Also at the Governor's invitation:-

- 1 Mr Somerset, Chief of the Banking Department, attended the Meeting in his capacity as Chairman of EBS Investments Limited, a wholly owned subsidiary of the Bank. He explained the Bank's involvement in this Company and commented on the Report and Accounts for the year ended 29 February 1984, which were laid before the Meeting.

2 Mr Flemming introduced a statement of the Overseas Trade figures for August.

3 Mr Drain introduced the following items from the Staff Committee:-

(i) The Chief of Corporate Services' Report on Staffing Policy for Banking Staff, which, after some discussion, was laid before the Court.

(ii) A Report on Educational Loan Scheme borrowing limits.

(iii) A paper on Personal Financial Counselling.

The Meeting approved items (ii) and (iii).

4 With reference to a Minute of the previous week, Mr Flemming introduced the September edition of the Quarterly Bulletin which would be published on 1 October. He drew attention to two articles relating to the profitability, finance and performance of companies and one comparing business finance in the UK and Germany.

The Governor then invited the Deputy Governor to acquaint Members with details of a sensitive issue which had arisen recently which might involve the Bank in considerable financial outlay.

*L. A. Cragg*  
Assistant Secretary

4<sup>th</sup> October 1984

*C. W. M. Thakur*

4. x . 84

## A COURT OF DIRECTORS AT THE BANK

SUNDAY 30 SEPTEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC

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The Governor explained that the Deputy Governor was involved in meetings with [REDACTED] [REDACTED] [REDACTED] [REDACTED] the other members of the Gold Market. In the meantime he felt it appropriate to bring Members of the Court up to date with the latest position concerning the affairs of Johnson Matthey Bankers and Johnson Matthey PLC.

The Governor explained a possible solution which might be arrived at tonight if agreement could be reached with [REDACTED] [REDACTED] [REDACTED] [REDACTED] to purchase Johnson Matthey Bankers. This would however entail a warranty from Johnson Matthey PLC to [REDACTED] [REDACTED] and a counter indemnity to the parent company which the Governor explained would commit the Bank to some £10-15 mn along with commitments of, say, £20 mn from the Gold Market, £25 mn from [REDACTED] [REDACTED] and


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£40-45 mn from the Clearing Banks. However there was now great anxiety over the liquidity of Johnson Matthey PLC and unless a standby liquidity facility could be put in place, which seemed unlikely, there were doubts about the feasibility of the package which the Governor had described: furthermore [redacted] were very reluctant to participate on the terms put to them. The Governor said that the main concern should be to save Johnson Matthey Bankers because of the implications for the Gold Market; such considerations did not necessarily apply to Johnson Matthey PLC as it was effectively an industrial company. Another possible solution therefore was to save the bank but let Johnson Matthey PLC stand on its own. This would probably involve a run on Johnson Matthey PLC whose deposits of gold, mainly with the refinery, were greater than those of Johnson Matthey Bankers: the appointment of a liquidator to Johnson Matthey PLC might therefore become a matter of urgency. Another proposal under consideration was that the other Gold Market members might buy Johnson Matthey Bankers with the loan book being taken out by the Clearing Banks; this was likely only to be possible if an indemnity was provided to the purchasers.

The Governor then acknowledged Mr Scholey's declared interest in that S G Warburg were advising Johnson Matthey PLC.

During the discussion that followed concern was expressed that the major shareholders had not yet offered a contribution and that Johnson Matthey PLC also appeared to be involved in a type of banking business with the result that the problem now seemed to be one of two "banks" and not one.

The Governor explained that a solution was urgently needed because the Hong Kong gold market, in which Johnson Matthey Bankers had a dealing participation, opened at around midnight. If Johnson Matthey Bankers were insolvent then they would not be able to trade. Without a solution Johnson Matthey Bankers were certainly insolvent and the Group might be also.



Further discussion ensued concerning the present difficulties which had emerged as a result of enquiries by Banking Supervision Division. There was some feeling that the outcome of the situation might generate comment about the efficacy of the Bank's supervisory arrangements: although concern had been expressed by the Bank to the company over the period since the concentration in the loan book of Johnson Matthey Bankers had come to notice, it was recognised that caution had to be exercised in handling such situations so as not to precipitate a crisis.

*G. A. Coughton*  
Assistant Secretary

4<sup>th</sup> October 1984

*C. W. H. Malver*

4 . x . 84



## A MEETING OF DIRECTORS AT THE BANK

SUNDAY 30 SEPTEMBER 1984

## Present

George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Alan Lord, Esq, CB  
Sir David Edward Charles Steel, DSO, MC

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In the absence of the Governor and Deputy Governor who were involved in discussions elsewhere within the Bank, Mr Blunden explained that as there were insufficient Members present to form a quorum any decisions reached would be subject to agreement by additional Members of Court at present in the Bank.

Mr Blunden then told Members that the Governor was still hopeful that a solution to the problem discussed at Court earlier in the evening might be reached without any financial commitment by the Bank. However the Governor had asked him to seek Members' approval to a commitment by the Bank of up to £20 mn should it be necessary.

Members agreed the proposal subject to its later endorsement by additional Members of Court.

*L. A. Coombe*  
Assistant Secretary  
4th October 1984

*Cum gratias*

4. 10. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 4 OCTOBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

The Minutes of the Court of 13 September and the Meeting of 20 September were confirmed and those of the Meeting of 27 September, the Court of 30 September and the Meeting of 30 September, which had also been circulated, were approved.

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the

exchanges. Mr Loehnis then went on to comment on the Official Reserves figures for September, which had been published the previous Tuesday.

Also at the Governor's invitation:-

- 1 The Deputy Governor gave Members a detailed account of the events leading up to the Bank's acquisition of Johnson Matthey Bankers.
- 2 Mr Cooke introduced a paper which summarised the background to Johnson Matthey Bankers, drew attention to certain aspects of the Bank's supervisory role in this particular case and identified areas of concern for the future, notably the extent to which the Bank could rely on the work of auditing firms and whether the Bank should move towards a system of inspection rather than rely on our relationships with banks to keep us fully informed.
- 3 Mr Galpin outlined the arrangements for the continuing management of Johnson Matthey Bankers of which he was now Acting Chairman. He explained that advisers had been called in to examine further the various activities of Johnson Matthey Bankers. He also drew attention to the fact that through the acquisition the Bank had inherited 660 staff, 440 of whom were resident in the UK.

In the discussion that followed concern was expressed that Court should have an early and extended opportunity to discuss the Bank's supervisory arrangements; suggestions that Mr Cooke might brief Members informally at an early date and that Court might consider the subject in depth in some two or three weeks' time when a detailed analysis had been undertaken, were discussed.

A statement of two retirements was laid before the Court.

*C. A. Coaght*  
 Assistant Secretary  
 11th October 1984

*Chairman of Staff*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 11 OCTOBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Professor Brian Griffiths  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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


There being no comments on the weekly Figures, the  
Governor invited Mr Coleby, Assistant Director in charge  
of the Money Markets Division, to attend in Mr George's  
absence and speak about the state of the domestic markets.  
He said that the markets had been disappointed by the  
money figures, and hopes that there might be an early  
lowering of interest rates had been deferred. But they  
had not disappeared, and would certainly be rekindled if  
recent initiatives lead to a settlement in the miners'  
dispute. After a brief discussion, Mr Loehnis then  
spoke about the exchanges.

Mr Coleby then introduced a statement of the provisional Banking Figures as at 19 September. He said that the rise in EM3 had been disappointingly high and had taken its cumulative growth to the top of the target range, but that despite a larger than usual rise in EM0 it remained within its target range. During the discussion that followed it was suggested that round tripping might have inflated the figures for bank lending. The available evidence was that reports of such transactions were much exaggerated, but it was not possible to dismiss them entirely.

The Governor then mentioned that a detailed paper had been commissioned on the affairs of Johnson Matthey Bankers and in particular the supervisory aspect. He said that the paper would be circulated for discussion at Court on 1 November. He further suggested that Court should meet at 11.00 am on that day to allow time for a full discussion.

The Governor then invited Mr Galpin and Mr Cooke to speak about the latest position regarding Johnson Matthey Bankers.

Mr Galpin brought Members up to date on the recent events regarding the various aspects of the management of Johnson Matthey Bankers and outlined some of the continuing difficulties. He said that an Executive Committee had been formed with himself as Chairman; advisers had been appointed to assist in the various detailed areas of Johnson Matthey Bankers' operations. He said that there was a need to review the management structure and in the immediate future to appoint some non-executive directors.



Mr Cooke then explained briefly that he and Mr Galpin were keeping in close touch on the business of Johnson Matthey Bankers but on the basis that operational matters were Mr Galpin's responsibility while he was maintaining a continuing interest from a supervisory point of view.

The Governor then continued by saying that it was necessary to make arrangements for the appointment of a Bank representative to attend meetings of Johnson Matthey Bankers and it was RESOLVED that -

The Chief of the Banking Department, for the time being, or such other person as may be nominated by him in writing, be authorised to act as the representative of the Governor and Company of the Bank of England at any meeting of Johnson Matthey Bankers Limited, unless otherwise resolved by the Court of Directors.

On behalf of the Court of Directors he then expressed thanks to Mr Galpin and Mr Cooke on whose shoulders the continuing burden of the affairs of Johnson Matthey Bankers had fallen.

Also at the Governor's invitation:-

- 1 With reference to a Minute of 26 July, the Deputy Governor spoke about the recent arbitration case between the Bank and the clearing banks over the question of costs for the clearing of cheques. He informed the Court that the award had been made against the Bank. He said that he would be meeting the Chief Executive Officers of the Clearing Banks shortly to discuss the outcome and would report to Court again when the implications of the judgment had been fully explored.



- 2 Mr Loehnis introduced a paper from the International Division on the Lever Report on the debt crisis and the world economy; and referred briefly to the recent discussions at the IMF Meetings. A short discussion ensued.

*P. L. Tomkinson*

*Secretary*

*18 Oct 84*

*C. W. McMahon*

*18. 10. 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 18 OCTOBER 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Rodney Desmond Galpin, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Alan Lord, Esq, CB  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the  
Governor invited Mr Coleby, Assistant Director in charge  
of the Money Markets Division, to attend in the absence of  
Mr George and speak about the state of the domestic  
markets. He reported a dramatic turn round in sentiment  
over the week as a result of the breakdown of the talks to  
settle the miners' strike, and of developments in the oil  
markets. The markets had concluded that hopes of  
lowering interest rates would have to be postponed  
indefinitely, and some apprehension had developed that  
there might instead have to be some increase. The Deputy



Governor then spoke about the exchanges, in the absence of Mr Loehnis, and described the background to the recent fall in sterling to an all-time low.

Also at the Governor's invitation:-

- 1 Mr Flemming highlighted the main features of the Economic Report for October and went on to draw the Court's attention to a confidential paper on Wage Developments to September. A discussion followed which included consideration of the extent to which the miners' strike was affecting the recovery.
- 2 Mr Flemming then introduced a paper concerned with the Bank's experience of charging for the Quarterly Bulletin.

With reference to Minutes of the previous week and earlier, the Governor invited the Deputy Governor and Mr Galpin to speak, in turn, about developments in the past week in the affairs of Johnson Matthey Bankers. The Deputy Governor advised the Court that the Governor would be making a statement in this connection in his speech that evening at the Mansion House and would stress the Bank's unconditional support for the action taken. It would take many months to dispose of Johnson Matthey Bankers but it was intended to sell it as a going concern. Negotiations with regard to the indemnities were continuing.

Mr Galpin then reported that new non-executive Directors had been appointed and described the investigations which were continuing. Consideration was also being given to the continued employment of the staff.

*P. E. Zimmerman*  
Secretary  
25 Oct 84

*C. W. McMahon*  
25. X. 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 25 OCTOBER 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Sir Robert Anthony Clark, DSC  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. The improvement in the situation compared with the previous week was noted.

Also at the Governor's invitation:-

- 1 With reference to a Minute of 11 October, Mr George referred to the main features of the announcement made the previous Thursday about the Money and

Banking Figures as at 19 September. Although the figures were somewhat disappointing, there were grounds for believing that they were erratically high. The PSBR was expected to be lower in the second half of the year and some benefit to the money figures was anticipated from that source. Funding was well advanced. There was some uncertainty about the future course of bank lending but no reason at this stage to expect a strong upsurge. On inflation there was a concern further ahead because of an apparent acceleration in unit labour costs and the depreciation of the exchange rate; but immediate prospects were quite favourable. Whilst hopes remained of some lowering in interest rates, any fall would need to be sustainable, and that depended more on outside developments than directly on monetary conditions.

- 2 Mr Loehnis introduced a statement of the Overseas Trade figures for September. Comments were made about the need to publicise more widely the effects high wage demands have on both trade and employment.
- 3 Mr Loehnis then introduced a paper from the International Division examining the behaviour of private fixed investment in the major seven during the current recovery, comparing this with what had happened in the upturn which started in mid-1975. A discussion followed.
- 4 With reference to a Minute of 11 October, the Deputy Governor referred to the clearing charges arbitration case awarded against the Bank and reported the outcome of his recent meeting with the Chief Executive Officers on this matter. It had been agreed with them that the Bank accepted the award and that the decision should be carried through into the paper credit clearing. A potential problem remained

concerning mandated dividends: a significant extra cost would arise if the award extended to this area. On the question of electronic clearing, the Chief Executive Officers had been urged to develop systems for charging based on what was likely to lead to the most efficient clearing and transmission mechanisms rather than on analogies with practice in the paper clearings.

- 5 With reference to Minutes of the previous week and earlier, Mr Galpin brought Court up to date with developments in the past week in the affairs of Johnson Matthey Bankers.
- 6 Dr Atterton spoke about impressions he had gained during his recent visit to India.

The Governor summarised press comments on recent speeches made by himself at the Mansion House Dinner and by the Deputy Governor to the Manchester Chamber of Commerce.

The Governor reported that on 2 October, Mr Scholey had been appointed Chairman of Newco (1984) plc, the company formed to incorporate S G Warburg, Akroyd & Smithers, Rowe and Pitman and Mullens.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Licence, in duplicate, between the Bank and National Westminster Bank plc, tenants of 31 Cheapside, New Change, the Court approved thereof and ORDERED that the document in question be sealed with the Common Seal of the Bank.

*P. C. Jordan*

*Secretary*

*1 November 1984*

*C. W. Mahon*

*1. XI. 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 1 NOVEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation, Sir Hector Laing introduced a Report from the Board of Directors of BE Services Limited, and the annual accounts for the year

ended 29 February 1984, which were laid before the Court. The extent of the Bank's subsidy for staff catering was discussed and some comparisons were drawn with other organisations.

The Governor reported to Court the death the previous Friday of Mr M J Babington Smith CBE, who had been a Director of the Bank from 1949 to 1969 and a Director of the Bank for International Settlements from 1965 to 1974.

With reference to Minutes of the previous week and earlier, the Governor invited Mr Quinn, Head of Banking Supervision Division to attend Court. Mr Cooke then introduced a paper examining the history, analysis and implications of the Johnson Matthey Bankers affair. He explained that the system of Banking Supervision which had evolved over the years aimed to be flexible and capable of adapting to meet particular circumstances. It was an approach which enabled institutions to meet developments in the financial markets and allowed managements to manage. The approach ran risks but nevertheless the system was able to breathe and evolve. Although there was no doubt room for continuing refinement of the supervisory arrangements it was hoped that the basic approach could be retained.

In the general discussion which followed a number of points were made, including the need for adequate high-calibre staff and continuity of personnel, experienced in assessing the quality of lending. Speed and timing of information was considered, and further computerisation might provide a possible means of an early warning of difficulties, although this might only confirm what was known from other sources. Considerable attention was focussed by Members on the role of, and relationships with, auditors. The supervisory system placed great reliance on their assessment of assets and provisioning; but their responsibility was to their client. The system had to rely on the performance of the bank, taking

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into account profitability and provisioning experience. A step which might be taken would be to require companies to set up internal audit committees to which the Bank would have access; but more contact between the Bank and auditors might necessitate amendment to the Banking Act 1979.

It was now apparent that there had been deficiencies in JMB's reporting and the relationship between the two major loans had not been known until a later stage. The Bank had not fastened onto the problem quickly enough but the quality of loans was not a matter which was always easily identified.

There was general agreement by Members that there was no wish to alter the system of supervision. It was recognised that Banking Supervision had been under considerable pressure and the difficulties in carrying out supervisory work were not always fully appreciated. In particular, it was pointed out that there had been a number of cases where banks had been saved from failure by timely and effective intervention by the supervisors. There would be difficulty in attempting to lay down firmer rules but it was recognised that supervision would need to be more rigorous in future if necessary at the risk of incurring displeasure from bankers. The Governor indicated that he would in due course be reporting on these matters to H M Treasury.

The Governor, Deputy Governor and Executive Directors, having withdrawn in accordance with Section 10 of the Charter, and Mr Cooke and Mr Flemming having also withdrawn, Lord Nelson took the Chair in accordance with Section 6(2) of the Charter. Lord Nelson then invited Sir Adrian Cadbury to introduce a Report of the Trustees of the Court Pension Scheme and the Annual Report and Accounts of the Scheme for the year ended 29 February 1984, which were laid before the Court. The recommendations contained in the Report, including certain changes to the Rules of the Scheme, were approved. A further Report of the Trustees concerning reports by the Investment Manager and the Auditor was laid before the Court.

*P. L. [Signature]*  
8. 11. 84  
Secretary

*Chancellor*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 8 NOVEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Mr Loehnis then went on to comment on the Official Reserves figures for October which had been published the previous Friday.





Also at the Governor's invitation:-

- 1 Mr George introduced a statement of the provisional Banking Figures as at 17 October. The performance of the monetary aggregates against the targets looked reasonably robust. There had, however, been a sharp increase in demand for lending in the company sector, the reasons for which were not easy to define. Members whose companies may have been involved in increased borrowing were invited to comment the following week when the final banking figures would be available.
  
- 2 Mr Loehnis introduced the International Economic Developments paper for October.
  
- 3 Mr George spoke about the proposals concerning the future structure of the gilt-edged market, details of which had been published the previous day. Although the existing market was highly effective, both for the Government as borrower and for investors, the Bank accepted the need for fundamental change stemming from the agreement to abolish minimum commissions. The effect would be that the market would be opened up to much greater competition and would, hopefully, become more robust; the changes would also bring the market more into line with similar structures overseas. The system of prudential supervision, to be introduced by the Bank, was based upon its traditional approach to supervision though supported by a formal structure for measuring risk exposure. Mr George then drew attention to some of the specific provisions in the proposed arrangements and it was agreed that further discussion at a future meeting of Court would be helpful.

The Governor spoke to the Court in the terms used earlier at Committee of Treasury about his recent discussion with the Chancellor of the Exchequer on Johnson Matthey Bankers. He referred to a letter sent by Dr David Owen to the Chancellor



and explained that it had been agreed that he should reply. The Governor had also informed the Chancellor about the progress made in respect of the indemnities being sought; and had mentioned that a paper outlining possible changes in Banking Supervisory arrangements was due to be completed shortly. A draft letter for the Governor to send to Dr Owen was handed to Members and some alterations were suggested. The Deputy Governor explained to the Court the details of the agreements subsequently reached with the banks concerning the indemnities and outlined the possible extent of the Bank's liabilities.

The Governor mentioned that publicity about the issue of the new £20 note would be given at a press conference the following Wednesday prior to its introduction into general circulation on Thursday 15 November. The Deputy Governor then explained, at the Governor's invitation, the changes that had been introduced in the new £20 note and advised the Court of a rising number of counterfeit notes which were coming to the attention of the police. He informed the Court that the Chancellor proposed to announce shortly the issue of the new £20 note, the demonetising of the ½p coin from the end of December and the phasing out of the £1 note. This latter step was a welcome end to the uncertainties which had arisen over the future of the note. However, reduced note production at the Printing Works would give rise to staff surpluses and it was hoped that this could be resolved by voluntary means.

R. S. ...  
 ...

15 Nov. 1984

Hector Leung

15<sup>th</sup> November 1984.

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 15 NOVEMBER 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq

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

There being no comments on the weekly Figures, the Deputy Governor invited Mr George 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 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement to be made later that day about the Money and Banking Figures as at 17 October. Generally, the figures continued to give a reasonably satisfactory and robust picture and the

current indications on inflation were encouraging. Clouds on the horizon included the apparent slowdown in productivity growth and associated rise in unit labour costs; an acceleration in the rate of growth of M0; and the rapid increase in bank lending to the company sector during banking September and banking October. At this stage it was too soon to tell whether these developments were the beginnings of new trends or largely erratic movements. A number of possible explanations for the recent growth of bank lending were suggested, but Members were unable to point to any specific evidence that company borrowing was increasing abnormally.

- 2 Mr Loehnis introduced a paper from the International Division about the outlook for commodity prices in the context of commodity price developments, the performance of the commodity price equations and the latest outlook forecast.
- 3 Mr Galpin introduced a Report on Information Systems. It was agreed that proposals on expenditure in connection with Information Systems should be submitted to the Committee on Permanent Control of Expenditure and that the Committee's terms of reference be extended to include responsibility for:-

- (c) Examining on a Bank-wide basis the anticipated allocation of resources over a five-year period for Information Systems (as defined in the Information Systems Strategy promulgated in 1983).
- (d) Receiving annually a report on Bank-wide Information Systems developments.

It was further agreed that in connection with these wider responsibilities the Committee's membership should be supplemented (on an ex-officio basis) by the Chairmen of the Registrar's Department Liaison Committee and the Staff Committee, for discussion of items under (c) and (d) above.



- 4 With reference to a Minute of the previous week, Mr George referred to the paper on the future structure of the gilt-edged market, which had been published on 7 November, and there was some discussion on the level of control envisaged. Members commented favourably on the paper, which had been well received in the press and the City.

The Deputy Governor reported that Mr Galpin, Acting Chairman of Johnson Matthey Bankers Limited, had recently been appointed to five of its subsidiary companies, namely:-

Johnson Matthey Commodities Ltd (Non-executive Chairman)  
 Johnson Matthey & Wallace Ltd (Non-executive Chairman)  
 Hinton Hill Group Ltd (Non-executive Deputy Chairman)  
 Johnson Matthey Finance Inc New York (Non-executive Chairman)  
 Johnson Matthey Bankers Nominees Ltd (Director)

With reference to a Minute of the previous week, the Deputy Governor reported that Dr David Owen had responded to the Governor's letter. The Governor's private offer of a talk with Dr Owen had regrettably been made public. Although the questions now posed would not be difficult to answer it was likely that the enquiry would continue without reaching a satisfactory conclusion. The Deputy Governor therefore sought the agreement of the Court to a proposal that the Bank should offer to appear before a Select Committee of the House of Commons in order that the matter might be thoroughly aired. There was some discussion and Members were in agreement that this would be the best way of answering the points raised by Dr Owen.

Also with reference to a Minute of the previous week, the Deputy Governor mentioned that the new variant of the £20 note had been introduced into general circulation that day.

At the invitation of the Deputy Governor, Mr Cooke spoke about the difficulties experienced by a licensed deposit taker in Northern Ireland which seemed likely to go into voluntary liquidation.

*P. S. [Signature]*  
 Secretary 22 November 1984

*Adrian Cobby*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 22 NOVEMBER 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Deputy  
Governor invited Mr George 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 Flemming highlighted the main features of the Economic Report for November and went on to discuss the quarterly Report covering economic and financial developments in the industrial and commercial company sector up to the second quarter of 1984. He then introduced a paper on the main points raised in the Chancellor of the Exchequer's Autumn Statement on the UK economy. In the ensuing discussion, the difficulties of obtaining adequate official statistics following the reduction in resources allocated by Government to this area were emphasised.
  
- 2 Sir Hector Laing introduced a Report of the Debden Committee about the operation of the Printing Works for the half-year ended 31 August, which was laid before the Court. He indicated that the Printing Works were leading the world in certain aspects of the development of banknote printing equipment. Some discussion followed on the quality of paper used in banknote printing, a matter which was under consideration.

The Deputy Governor introduced 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 1984 and which contained an estimate of the possible outturn for the full financial year. He pointed out that the estimated outturn in respect of capital expenditure was likely to exceed the PESC baseline and that this would probably give rise to difficulties with HM Treasury. The Report was approved.

The Court gave approval to Lord Nelson's request to join the Board of the ENSERCH Corporation.



A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Transfer relating to the repossession of a house in Westcliff-on-Sea, Essex, the Court approved thereof and ORDERED that the document in question be sealed with the Common Seal of the Bank.

With reference to Minutes of the previous meeting, the Deputy Governor informed the Court that:

- 1 Dr David Owen had written apologising for the release of the private letter from the Governor. There had been further discussion with Dr Owen and the Deputy Governor had responded to his latest letter concerning Johnson Matthey Bankers. He had also further explored the possibility of a review of the affair by a Select Committee of the House of Commons, but this now seemed unlikely to arise.
- 2 The licensed deposit taker reported to be in difficulties had been taken over by the Bank of Ireland following protracted and complex negotiations.

*P. C. Tomkinson*  
*Secretary*

*29 Nov 1984*

*Loiem of Bedford*



## A COURT OF DIRECTORS AT THE BANK

THURSDAY 29 NOVEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Governor's invitation:-

- 1 Mr Loehnis introduced a statement of the Overseas Trade figures for October, which had been released the previous Thursday.
- 2 Sir David Steel introduced a quarterly Report of the Charitable Appeals Committee, which was approved.
- 3 Mr Drain spoke about a paper on secondments, prepared by the Chief of Corporate Services, which had been discussed at Staff Committee the previous month. He drew the attention of the Court to the proposal to direct more secondments to community organisations to assist them in the various areas of their operations and it was agreed that this approach should be encouraged. Some discussion followed about the scope for recovering the costs of some secondments.

A statement of three retirements was laid before the Court.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about Johnson Matthey Bankers in relation to a meeting which he, Messrs Walker and Cooke and other senior officials had had with the Chancellor of the Exchequer and certain Treasury officials. They had discussed the report on JMB, agreed earlier with Court, and it had been decided to establish a working party, chaired by the Governor, to undertake a rapid enquiry on how supervision of the banking system was currently conducted with a view to offering any suggestions for prompt remedial action.

The working party would comprise representatives from both the Bank and the Treasury, together with an experienced and retired commercial banker. A further, more fundamental, review would follow later to examine, inter alia, the

existing legislative framework which was in any event due for review in 1985. The final composition and the terms of reference of the working party had still to be determined.

It was agreed that the opportunity for the matter to be reviewed in this fashion was to be welcomed. No publicity would be given to the review at this stage.

The Governor then spoke about the following:-

- 1 Impressions he had gained during his recent visit to the Soviet Union.
- 2 The death the previous Monday of Mr J V Bailey, who had been a Director of the Bank from 1964 to 1969. He then recommended to the Court that Mrs Bailey be paid a pension of [REDACTED] per annum from the Court Pension Scheme, a proposal which had the support of the Trustees of the Scheme. The recommendation was approved.

*G. A. Craghton*  
Assistant Secretary.

6th December 1984

*Helen of Hippod.*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 6 DECEMBER 1984

Present

Robert Leigh-Pemberton, Esq, Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

There being no comments on the weekly Figures, the  
Governor invited Mr George to speak about the state of the  
domestic markets and Mr Loehnis to speak about the  
exchanges. Mr Loehnis then went on to comment on the  
Official Reserves figures for November which had been  
published the previous Tuesday.



Also at the Governor's invitation:-

- 1 Mr Loehnis introduced two reports from the International Division, the November paper on International Economic Developments and the Autumn World Economic Forecast paper; a brief discussion followed.
- 2 Mr Blunden introduced the quarterly Report of the Audit Committee. Although there were no matters requiring formal report he mentioned that the Auditor was acting as channel of communication between Chief Inspectors from the Clearing Banks on actual or potential frauds on computer networks. The Report was then approved.
- 3 Lord Nelson spoke about some impressions he had gained during visits he had made in October to the United States, Japan and Hong Kong.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about Johnson Matthey Bankers in relation to a meeting which he had had with the Chancellor of the Exchequer to discuss the composition of the working party. He mentioned that the Chancellor would make reference to the review to be undertaken shortly when replying to a planted parliamentary question in the course of the next week. The Governor also informed the Court that he had received a further letter from Dr Owen.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Transfer relating to the repossession of a house in Essex from a dismissed member of staff, the Court approved thereof and ORDERED that the document in question be sealed with the Common Seal of the Bank.

13. 12. 84

*P. V. Thomas*

*C. W. M. Mahon*

*Secretary 13 Dec 84*

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 13 DECEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Rodney Desmond Galpin, Esq  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Alan Lord, Esq, CB  
David Gerald Scholey, Esq, CBE  
Sir David Edward Charles Steel, DSO, MC  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

In commenting on the weekly Figures Mr Galpin indicated  
that the Christmas peak in the note circulation was likely  
to be less than forecast. The Governor then invited  
Mr George to speak about the state of the domestic markets  
and, in the absence of Mr Loehnis, the Deputy Governor to  
speak about the exchanges.

Also at the Governor's invitation:-

- 1 Mr George introduced a statement of the provisional Banking Figures as at 21 November. The sharp increase in £M3 was likely to have been erratically high, almost certainly in part at least as a result of the British Telecom issue. It would not however be possible to be wholly confident of this, nor meaningfully to assess the extent of the distortion, for about 2 months.
  
- 2 Mr Flemming introduced the draft of the Economic Commentary which would appear in the December edition of the Quarterly Bulletin due to be published on 20 December. He then described the main features of the Economic Report for December. A short discussion followed covering both papers.
  
- 3 Mr Galpin delivered to Court the first regular monthly report on the affairs of Johnson Matthey Bankers and its subsidiary companies. He outlined the extent of JMB's exposure to Johnson Matthey PLC and the steps being taken to protect JMB's position. [REDACTED]

[REDACTED] There had been pressure from PLC to release information concerning JMB but this had been resisted. A strategy was being developed for the possible reorganisation or disposal of the subsidiary companies. Mr Galpin went on to describe the breakdown in systems which had occurred at JMB in the previous two years and the difficulties in reconstituting records to enable a more accurate picture to be obtained. A new computer system and a new internal audit system had been introduced and they had embarked on a training and education programme to improve standards amongst the staff.

With reference to a Minute of the previous week, the Governor informed the Court that the Chancellor was expected to make a statement in the House the following Monday concerning the review of JMB.

20.12.84  
*A. B. Tomkinson*  
*C. W. Mahon*  
 Secretary 20 Dec 84

## A COURT OF DIRECTORS AT THE BANK

THURSDAY 20 DECEMBER 1984

## Present

Robert Leigh-Pemberton, Esq, Governor  
Christopher William McMahon, Esq, Deputy Governor  
Dr David Valentine Atterton CBE  
The Hon Sir John Francis Harcourt Baring, CVO  
George Blunden, Esq  
Sir George Adrian Hayhurst Cadbury  
Sir Robert Anthony Clark, DSC  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
Professor Brian Griffiths  
Sir Hector Laing  
Anthony David Loehnis, Esq  
Alan Lord, Esq, CB  
Lord Nelson of Stafford  
David Gerald Scholey, Esq, CBE  
David Alan Walker, Esq

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William Peter Cooke, Esq  
John Stanton Flemming, Esq

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

At the Governor's invitation Mr George commented on the weekly figures and spoke about the state of the domestic markets; Mr Loehnis then spoke about the exchanges. Some discussion ensued about the weakness of sterling, resulting from the continued strength of the dollar and the uncertainties surrounding oil prices.



Also at the Governor's invitation:-

- 1 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement to be made later that day about the Money and Banking Figures as at 21 November. The figures for broad money were almost certainly erratically high, and raised questions about the size of the public sector borrowing requirement and the strength of bank lending to the private sector. As explained at the previous meeting, it could be some weeks before it became possible to make a proper assessment of the trends. Though not directly related to domestic monetary developments the potential inflationary implications of the weakness of the exchange rate was a matter of concern. But the outturn on inflation was still reasonably encouraging and real interest rates remained substantially positive. There was no compelling evidence at this stage to suggest that monetary policy had become too relaxed.
  
- 2 Mr Walker spoke to the Court about 3i (Investors in Industry) in which the Bank had a shareholding and described the disposition of the London and Scottish Clearing Banks to reduce their shareholdings. This had arisen from their concern at the significant erosion of their free capital and reserves, necessary competition between the Clearers and 3i itself, and the low dividend yield of 3i - most of the fruits of whose activities came in the form of capital appreciation and disposals rather than current revenue earnings. It had been agreed in principle to explore steps towards a reduction in their holdings, though no decision had yet been taken over the Bank's holding, a matter which would be for further discussion at Court.
  
- 3 Mr Loehnis introduced a paper, on a World Payments Report for December, being the Bank's review of international payments balances, interest rates and exchange rates.

- 4 With reference to a Minute of the previous week, Mr Flemming drew Members' attention to the General Assessment section of the December edition of the Quarterly Bulletin which was due to be published that evening.
- 5 Mr George spoke about the future of the Discount Market. It was envisaged that there should, in principle, be open access to a discount house relationship with the Bank on the basis of a set of functional privileges and obligations, on much the same lines as the Bank had proposed for access to gilt-edged market-making.

The Governor then referred to the announcement to be made later that day from No 10 Downing Street about appointments and reappointments to the Court: HM The Queen had been pleased to approve the reappointment from 1 March 1985 of Mr C W McMahon as Deputy Governor for a further five-year term and the reappointment of Mr A D Loehnis and Mr D A Walker for four-year terms of office from the same date.

Her Majesty had also been pleased to approve the appointment from 1 March 1985 of Mr F B Corby and Mr Robert Haslam to replace, for terms of office of four years, Sir Robert Clark and Sir David Steel, whose terms would expire on 28 February.

*P. C. Tomlinson*  
Secretary

*John S. P. P.*

3 Jan 1985

## A MEETING OF DIRECTORS AT THE BANK

THURSDAY 27 DECEMBER 1984

## Present

Christopher William McMahon, Esq, Deputy Governor  
George Blunden, Esq  
Geoffrey Ayrton Drain, Esq, CBE  
Edward Alan John George, Esq  
David Alan Walker, Esq

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William Peter Cooke, 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, and in the absence of Mr Galpin, Mr George commented on the weekly figures and then spoke about the state of the domestic markets.

In the absence of Mr Loehnis, the Deputy Governor then spoke about the exchanges.

*P. C. John Snow*  
Secretary

3 Jan. 1985

*John of St Paul*

