

## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 14 JANUARY 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, sub-committee of Directors  
Mr Barber  
Ms Blow  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Dr Julius  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Dr Potter  
Ms Rabbatts

Absent:

Sir John Bond  
Sir Ian Gibson  
Mrs Powers-Freeling

The Minutes of the Court of 17 December were approved.

### **The arrangements for the future meetings of 'Extended' NedCo and Court**

Sir David Cooksey said he had spoken to non-executive Directors (with the exception of Sir Ian Gibson) to gauge their views about the new arrangements for the meetings of 'Extended' NedCo and Court. He said the overall reaction had been to welcome the experimentation and consultation about the new arrangements. There was considerable discomfort about the consistency of the arrangements with the Bank of England Act and a concern that they would not satisfy close scrutiny.

Non-executive Directors were therefore generally of the view that the Bank should make a strong recommendation to the Treasury to change the Act. Sir David said if this was practically difficult, then at least two Directors had said they would prefer to return to the previous arrangements.

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Ms Blow said she welcomed the debate. She said she would prefer to reinstate some form of monthly discussion on the economy, though perhaps shorter than in the past. The discussion had helped her better understand how the data on the economy was affecting monetary policy decisions. Ms Blow also said she had observed that the Audit Committee's agenda had become longer alongside a shortening of the Court/NedCo agenda; and she wondered if that had been the intention.

The Governor said longer quarterly economic discussions were more appropriate and effective immediately after publication of the Inflation Report. He asked for further time to be given to this arrangement before it was judged. He said the monthly discussion had been of limited value, particularly as they had often preceded the publication of the MPC minutes. The Governor added that the new working lunch discussions were not intended to be restricted to management issues. General economic topics – such as pensions – would also be included, involving the relevant Bank experts. The Governor said he was determined not to return to the previous format. He wanted to ensure Directors had more time to discuss the management of the Bank. But he would ensure that there was a proper economic discussion each quarter. In response to the point raised about Audit Committee agendas, the Governor said there was a need to ensure the necessary discussions took place at 'Extended' NedCo and Court, and less so at the Audit Committee.

Sir Andrew Large asked where the non-executive Directors' views rested in relation to the Bank of England Act. Sir David Cooksey said the consensus was that non-executive Directors were uncomfortable about that aspect of the new arrangements, and some were very uncomfortable. Sir Brian Moffatt said he was one of those who was very uncomfortable. He said governance was a very prominent issue at present such that it was not sufficient to settle the matter simply on the advice of lawyers. If something went wrong with governance at the Bank and it was revealed that the Bank was not complying with the Act, the Bank and its Directors would suffer considerable reputational damage. Sir Brian said he appreciated the motives behind the changes but remained uncomfortable and would want to take separate legal advice. The Governor asked Sir Brian Moffatt if his concern was that the new arrangements broke the law. Sir Brian said this was not the only concern. He thought the Bank would be on thin ground if someone wanted to make mischief out of the attempt to improve the arrangements. Sir Brian said it was clear that the Act needed to be changed. The Governor was unsure what criticism the Bank would face in terms of governance in view of the fact that the new arrangements were an attempt to improve Bank governance. The Governor said if the issue was about the legal position, he was content to take further advice. But, if

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the substance of the matter was made public, he was not convinced that it would be embarrassing for the Bank because the arrangements were better than those previously in place.

Sir William Morris said it was important that the decisions taken by Court were consistent with the Act. How the Bank was operating should be common knowledge to the Treasury and they appeared to be satisfied. Sir William said it was probably too soon to judge the effectiveness of the new arrangements. In his view, the absence of the August meeting was more of a concern. Sir William said Court should still be convened in August. He was uncomfortable that the absence of a meeting in August was artificial and was circumventing the Act.

Sir Graham Hall said there were wider considerations about the Bank's governance arrangements. He said there had been a great effort so far to improve the situation. In addition, he thought there should be an annual review of Court and its Committees and a review of non-executive Directors. It would be good governance for non-executive Directors to complete a questionnaire on the operation of Court each year.

Mr McCarthy said he was satisfied with the legal aspect of the new arrangements. In terms of the reputational issues, the general trend to separate the chair and chief executive roles suggested the new arrangements would be viewed positively. In order to defuse any reputational risk, the Bank should ensure that the new arrangements were put into the public domain. Dr Julius said she did not view the new arrangements as a substantial change. In her view, the main improvements reflected individuals so she was not sure that the changes justified a change in the Act. She felt the new arrangements were cumbersome and would therefore prefer to return to the previous arrangements, though she did not feel overly strongly about that. Dr Julius said of the five company boards that she served, the Bank was the only one without a formal board evaluation process. She added that she thought quarterly discussions on the economy would prove themselves sufficient after a year.

Mrs Francis said she agreed with the new arrangements and was happy for them to continue. In relation to defusing the reputational issue, the Bank might add that it had consulted the Chancellor on the new arrangements. Mrs Francis alluded to a parliamentary question to which the Treasury had answered that they were contemplating a review of the arrangements of the Bank's Court. But she

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had not seen anything relating to this since<sup>1</sup>. The Governor said he thought there should be a regular review of Court and the Treasury should undertake a review of non-executive Directors. Sir David Cooksey said there had been a private review of Directors in the past, undertaken by Sir Edward George which had been shown to him.

Ms O Donovan said it was important that the new arrangements did not exclude meetings of NedCo only. The non-executive Directors needed a forum to discuss issues without other members of Court. Sir David Cooksey said the next meeting of NedCo was scheduled for February. Mr Barber said he viewed the new arrangements as a pragmatic change and thought the Bank should explore further the option of statutory change. There was a need to evaluate arrangements regularly, which could consider a broader agenda such as the role of the chairman of NedCo.

The Governor said he wanted to reflect on the comments made and discuss the issue further with Sir David Cooksey. It was a legal matter rather than simply a choice between the new and previous arrangements. In relation to public disclosure, he said the obvious place to describe the Bank's governance arrangements was the forthcoming Annual Report. Sir David Cooksey mentioned that there had been reference to the new arrangements in a Financial Times article [7 January].

#### **Bank subsidiaries:- Board and shareholding changes**

The Governor said that the departure of Merlyn Lowther and the appointment of Andrew Bailey as Chief Cashier and the appointment of Andrew Wardlow as Secretary of the Bank gave rise to a number of Board and shareholding changes within Bank subsidiaries. In addition, a number of Board changes were in train at BE Pension Fund Trustees Ltd, the corporate trustee for the Staff Pension Fund. In accordance with 'Matters reserved to Court' these changes required the consent of Court and the Governor drew Members' attention to a resolution in their folders which gave effect to these changes.

Court APPROVED the changes and the resolution was passed.



<sup>1</sup> From Hansard 15.10.02, column 615w-617w.  
Commissioner for Public Appointments

Matthew Taylor: To ask the Chancellor of the Exchequer, pursuant to his answers of 24 July 2002, Official Report column 1197-99W, on the Commissioner for Public Appointments, (a) for which panel an additional candidate was put forward and (b) which bodies only have informal performance assessment systems in place; and if he will make a statement. [74279]

Ruth Kelly: (a) An additional candidate was put forward for the post of non-executive director of the Court of the Bank of England.  
(b) The Treasury is considering whether it is appropriate to introduce formal performance assessment processes for the Court of directors of the Bank of England and the Commissioners of the Statistics Commission.



**MPC monthly report to Court**

Court noted the submission of the monthly MPC report for January.

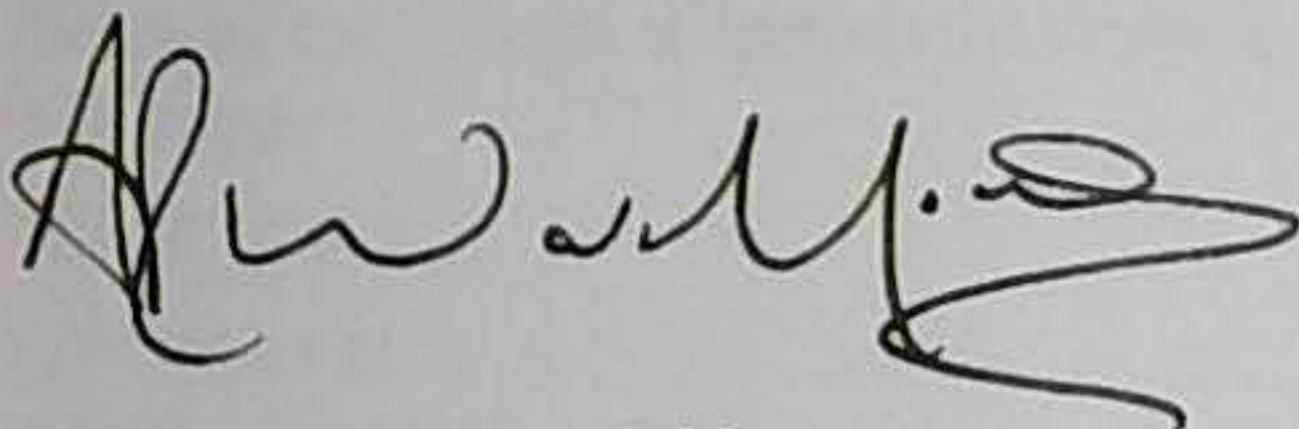
**The Quarterly Financial Report**

Court noted the discussion held earlier in 'Extended' NedCo on the Quarterly Financial Report covering the Bank's third financial quarter.

**Other business**

None

The meeting of Court was closed.

  
12-2-04





## A MEETING OF THE COURT OF DIRECTORS

THURSDAY 12 FEBRUARY 2004

Present:

Mr King, Governor  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, sub-committee of Directors  
Mr Barber  
Sir Graham Hall  
The Hon Peter Jay  
Dr Julius  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Dr Potter  
Mrs Powers-Freeling

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Blow  
Sir John Bond  
Mrs Francis  
Sir Ian Gibson  
Ms Rabbatts

Also attending

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker

The Minutes of the Court of 14 January were approved.

### **The Bank's Budget for 2004/05 and the Governor's letter to the Chief Secretary of the Treasury**

Court APPROVED the budget for 2004/05 and subsequent years and was content for the Governor to send the proposed letter to the Chief Secretary of the Treasury in relation to the Bank's financial framework and specifically with respect to the level of cash ratio deposits.

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### **The Bank's Core Purposes**

Court noted the discussion on the Bank's third core purpose in 'Extended' NedCo. A further discussion would take place in March at which Directors would consider a re-drafted set of core purposes for the Bank.

### **MPC monthly report to Court**

Court noted the discussion in 'Extended' NedCo of the monthly MPC report for February and the February Inflation Report.

### **The Report from the Chairman of the Audit Committee.**

Court noted the discussion in 'Extended' NedCo of the Report from the Chairman of the Audit Committee.

### **Sealing Committee Authorisations**

The Governor invited Members to view the Sealing Book, if they so wished.

[Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson, Ms Lomax, and Mr Tucker withdrew.]

### **A Report from the Chairman of the Remuneration Committee.**

Sir William Morris, in his capacity as Chairman of the Remuneration Committee, introduced the Committee's recommendations in relation to the annual review of salaries for members of the Executive Team, other senior members of Bank staff and external members of the MPC.

The recommendations were:

1. A general increase for the Deputy Governors, Executive Directors, Advisers to the Governor and external MPC members of 3.0%, which includes an element of compensation

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for the switch in the salary review implementation date from 1 January to 1 March (the date which applies for other Bank staff).

2.

3.

Ms O Donovan asked if the increase equated to 2.5% when adjusted for the change in timing. The Governor said the aim was to get away from the linkage with 2.5% other than for the Governor's salary. The time equivalent increase was 2.9%. The difference between salary levels reported in the Annual Report would show an increase of 3% but a footnote should make clear that it reflected all relevant considerations including the change in timing.

Mr Jay said the aim was to distance the settlement from any inflation allowance, which was inappropriate in a time of price stability and which only invited invidious arguments about different measures of inflation. The Governor said the message was that the Executive should not expect 2.5% increases but rather that pay would be driven by performance.

The recommendations were APPROVED.

**Any other business**

None

**The meeting of Court was closed.**

Andrew Watt  
16 March 2004

David Corbett



## A COURT OF DIRECTORS AT THE BANK

WEDNESDAY 10 MARCH 2004

### Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Sir David Cooksey, Chairman, sub-committee of Directors  
Mr Barber  
Ms Blow  
Mrs Francis  
Sir Ian Gibson  
Sir Graham Hall  
The Hon Peter Jay  
Dr Julius  
Mr McCarthy  
Sir Brian Moffat  
Ms O'Donovan  
Dr Potter  
Ms Rabbatts

### Absent:

Ms Lomax, Deputy Governor – Monetary Policy  
Sir John Bond  
Sir William Morris  
Mrs Powers-Freeling

### Also attending

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker

The Minutes of the Court of 12 February were approved.

### **Payment of Interim 'Dividend' to HM Treasury (Mr Smout in attendance)**

Court APPROVED the interim payment amounting to £14.2mn, in lieu of dividend for 2003/04, payable on 5 April.

### **Trustees of Court Pension Scheme Report to Court**

The Governor said there was no need for Executive Directors to withdraw for the item.



Sir Ian Gibson, in his capacity as Chairman of the Trustees of the Court Pension Scheme, sought Court's consent for an augmentation payment by the Bank to the Court Pension Scheme following a report from the Scheme Actuary on the funding strain arising from three recent transfers from the Staff Pension Fund.

Mr Jay asked about the source of the funding. Mr Footman said it was included in the Bank's budget. The Governor said Court was aware of the need for pensions commensurate with the higher salaries of the new Executive Directors. Sir Ian Gibson said Court had been aware of the need to enhance the value of the scheme but he said it would have been useful for the Remuneration Committee to have seen the details of the charge relating to each appointment. Dr Potter said the Bank's annual contribution was a very high proportion of salary. He asked if it was to make up the shortfall. Sir Ian Gibson said this was not the case; rather it was the ongoing contribution rate as calculated by the Actuary. He added that the particular features of the Court pension scheme were the relatively short periods of membership in most cases, the absence of lower aged staff, and, of course, the Bank's accrual rate.

Ms O Donovan asked if the conservative assumptions were appropriate; it was not possible to withdraw augmentation payments in the event of a funding surplus. Sir Ian Gibson said the approach agreed was designed to meet the deficit identified in the 2003 valuation over eight years. It would be open to review if the fund was in surplus at subsequent valuations.

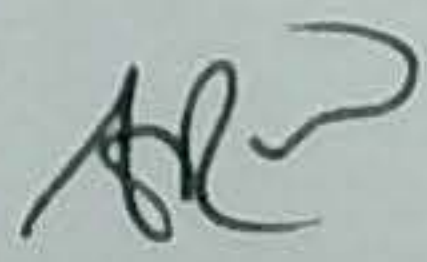
Court ENDORSED the proposed augmentation payment of £1,067,000.

#### **MPC monthly report to Court and non-policy meetings of the MPC**

Court noted the submission of the monthly MPC report to Court for March and the paper detailing recent non-policy meetings of the MPC.

#### **The Bank's Core Purposes; progress report on the Bank's Strategy; the Executive assessment of the Bank's performance**

Court noted the discussions in Extended NedCo of the Bank's Core Purposes, a progress report on the Bank's Strategy and the Executive assessment of the Bank's performance.





### **Review of arrangements for meetings of Extended NedCo and Court**

Further to Court's discussion in January, on the review of the proposed new arrangements for meetings of 'Extended' NedCo and Court, the Governor reported that further legal opinion was being sought ahead of further discussion with HM Treasury.

### **Any other business**

The Governor noted that this was Dr Julius' last attendance at Court before her term of office expired in May and on behalf of Court, expressed his appreciation for the valuable contribution she had made both as an MPC Member and as a Member of Court.

The meeting of Court was closed.

David Bell

Alan M. J.

14 April 2004



## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 14 APRIL 2004

### Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, sub-committee of Directors  
Mr Barber  
Ms Blow  
Sir John Bond  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Dr Potter  
Mrs Powers-Freeling

### Absent:

Sir Ian Gibson  
Dr Julius  
Ms Rabbatts

### Also attending

Mr Bailey, Mr Bean, Mr Footman and Mr Jenkinson

The Minutes of the Court of 10 March were approved.

### **The Bank's Core Purposes**

The Governor said that following the discussion in Extended NedCo, the text of the core purposes would be revised to be brought to Court for final approval in May.

### **Compliance with Turnbull**

Following the discussion in Extended NedCo, Court ENDORSED the paper 'Turnbull Guidance on Internal Control: A report to Court' as the basis for Directors to sign-off on internal controls this year.

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## **Risk Framework Progress Report**

Following the discussion in Extended NedCo, Court APPROVED the establishment of a sub-committee of Court to oversee risk governance in the Bank. The name of the committee and its proposed terms of reference would be brought to Court for approval.

## **MPC Appointments**

In accordance with 'Matters Reserved to Court', the Governor reported the reappointment by the Chancellor of Kate Barker as a member of the External MPC for a further three year term with effect from 1 June this year, and his reappointment of Mr Bean, following consultation with the Chancellor, for a similar three year term.

## **MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for April.

**Quarterly Financial Report; draft sections of the Annual Report; the Bank's strategy – project and risk management; MPC procedures – Agents' topics.**

Court noted the discussions in 'Extended' NedCo of the above items.

## **Any other Business**

The Governor noted that this was Sir John Bond's last attendance at Court before his term of office expired in May and on behalf of Court, expressed his appreciation for the valuable contribution he had made as a Member of Court.

The meeting of Court was closed.

*David Carr*

*Alwen M. J.*  
13 May 2004



## A MEETING OF THE COURT OF DIRECTORS

THURSDAY 13 MAY 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, NedCo  
Mr Barber  
Mrs Francis  
Sir Ian Gibson  
Sir Graham Hall  
The Hon Peter Jay  
Sir William Morris  
Ms O'Donovan  
Dr Potter  
Ms Rabbatts

Absent:

Ms Blow  
Sir John Bond  
Dr Julius  
Mr McCarthy  
Sir Brian Moffat  
Mrs Powers-Freeling

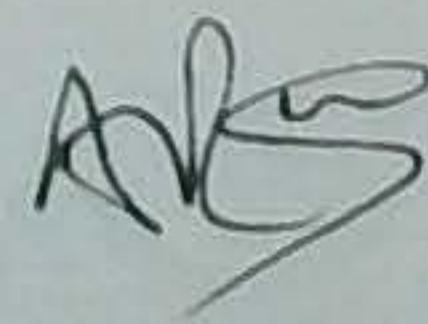
The Minutes of the Court of 14 April were approved.

### **Meetings of NedCo and Court (Mr Glover in attendance)**

With reference to the new arrangements for NedCo and Court meetings, a Resolution formalising those arrangements was APPROVED.

Court resolved that:

The function of receiving and discussing matters arising from reports delivered by the Governor, a Deputy Governor, a director, an executive director, a senior manager or an adviser, being reports relating to the management of the Bank and its affairs, including its financial affairs, and of considering and discussing matters arising from the monthly report required to be submitted by the Monetary Policy Committee to Court pursuant to paragraph 14 of Schedule 3 to the Bank of England Act 1998 be delegated to the committee of directors of the Bank constituted by section 3 of that Act, provided that the Governor and Deputy Governors shall be given notice of any meeting of such





committee the business of which includes any matter which is the subject of this delegation and that the Governor and Deputy Governors shall be permitted to attend and speak at such meeting on the matters arising but without prejudice to the right of any member of Court to require further discussion at a meeting of Court on any matter arising therefrom which is relevant to any decision proposed to be made at such meeting of Court.

### **The Bank's Core Purposes.**

Court APPROVED the revised Core Purposes statement.

### **The Bank's Annual Report and Accounts**

Court APPROVED:

- (i) the Annual Report and Accounts to be signed, printed and published,
- (ii) the proposed final payment in lieu of dividend to HMT, and
- (iii) the giving of the Letter of Representation to PwC.

### **A Report from the Chairman of the Trustees of the Court Pension Scheme.**

Turning to the Report from the Chairman of the Trustees of the Court Pension Scheme, the Governor declared his interest in the Scheme together with that of his fellow members of the Executive Team. Court agreed that they need not withdraw for the item. Sir Ian Gibson presented the Report which contained the Trustees recommendations.

Court APPROVED the recommendations.

### **MPC monthly report to Court**

Court noted the discussion in NedCo of the monthly MPC report to Court for May and the May Inflation Report.

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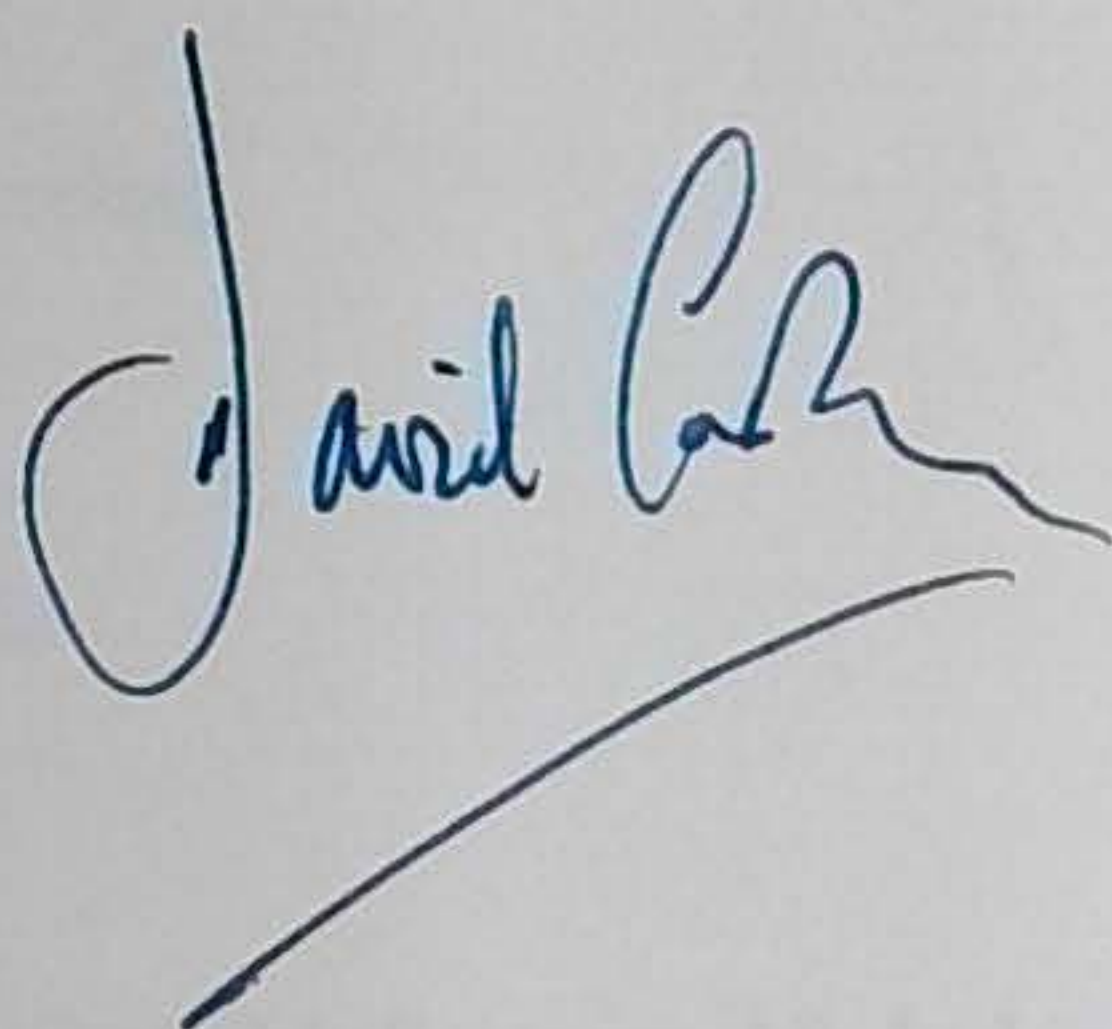
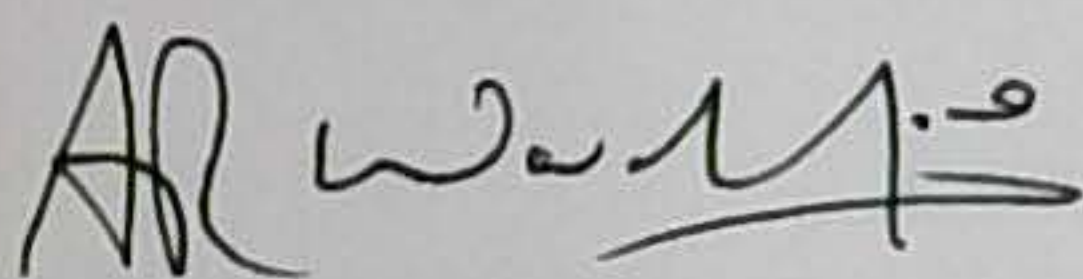
**Non-Executive Directors' Remuneration; a Report from the Chairman of the Audit Committee; the Bank's Strategy – Market Intelligence.**

Court noted the discussions in NedCo of the above items.

**Any other Business**

The Governor noted that this was Sir Ian Gibson's last attendance at Court before his resignation took effect at the end of the month and on behalf of Court, expressed his appreciation for the valuable contribution he had made as a Member of Court.

The meeting of Court was closed.

A handwritten signature in blue ink, appearing to read "David Calhoun", with a long horizontal flourish underneath.A handwritten signature in black ink, appearing to read "AR" followed by a stylized name.

16 June 2004.



## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 16 JUNE 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, NedCo  
Ms Blow  
Ms Fawcett  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Sir Andrew Likierman  
Mr McCarthy  
Sir William Morris  
Ms O'Donovan  
Sir John Parker  
Dr Potter  
Mrs Powers-Freeling

Absent:

Mr Barber  
Sir Brian Moffat  
Ms Rabbatts

Also attending

Mr Bailey, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker.

The Minutes of the Court of 13 May were approved.

### **Committees of Court, Pension Fund trustees and Houblon-Norman Fund trustees – membership changes**

The Governor asked for Court's APPROVAL of the following proposals:

#### **Audit Committee**

SIR ANDREW LIKIERMAN and MS FAWCETT to replace Mrs Powers-Freeling and Dr Potter.

#### **Remuneration Committee**

DR POTTER to replace Sir Ian Gibson.

June Court  
minutes  
amended slightly  
and initialled by  
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**Risk Policy Committee**

SIR ANDREW LIKIERMAN (chair), MS FAWCETT, MRS POWERS-FREELING and DR POTTER to become members

**Court Pension Scheme**

SIR GRAHAM HALL to be appointed Chairman of the Trustees, in place of Sir Ian Gibson.

**Staff Pension Fund**

MRS POWERS-FREELING to replace Dr Julius as a Trustee.

**Houblon-Norman Fund**

MR BARBER to succeed Sir Jeremy Morse as a Trustee.

**Court Award Scheme Judges**

MR BARBER to become a judge.

Looking further ahead, Court's APPROVAL was also sought for future chairs of the various committees of Court:

DR POTTER to be future chair of the Remuneration Committee;

MS FAWCETT to be future chair of the Audit Committee;

SIR GRAHAM HALL to be future chair of the Court Award Scheme.

It was also proposed that MR WILKINSON joins the Remuneration Committee and the Trustees, Court Pension Scheme upon his appointment early next year.

Court APPROVED the recommendations.

**MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for June.





**The Bank's Strategy – Sterling Money Market Operations; Arrangements to assess the performance of Court; Refurbishment of the Bank project.**

Court noted the discussions in NedCo of the above items.

**Any other Business**

None.

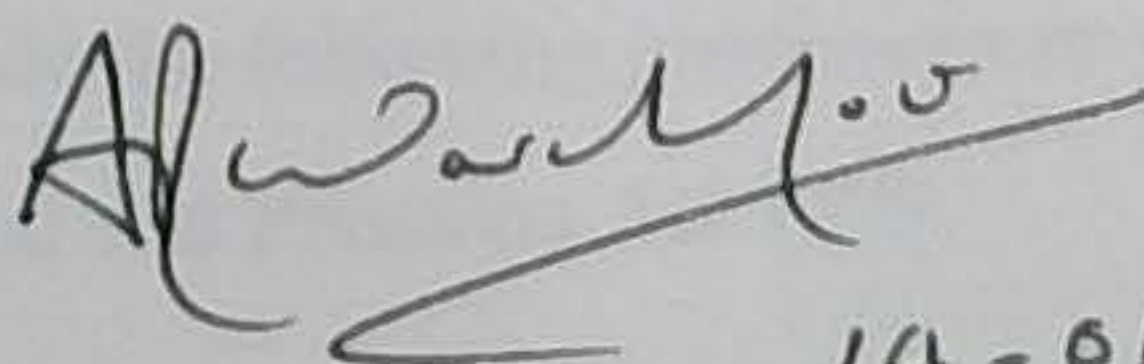
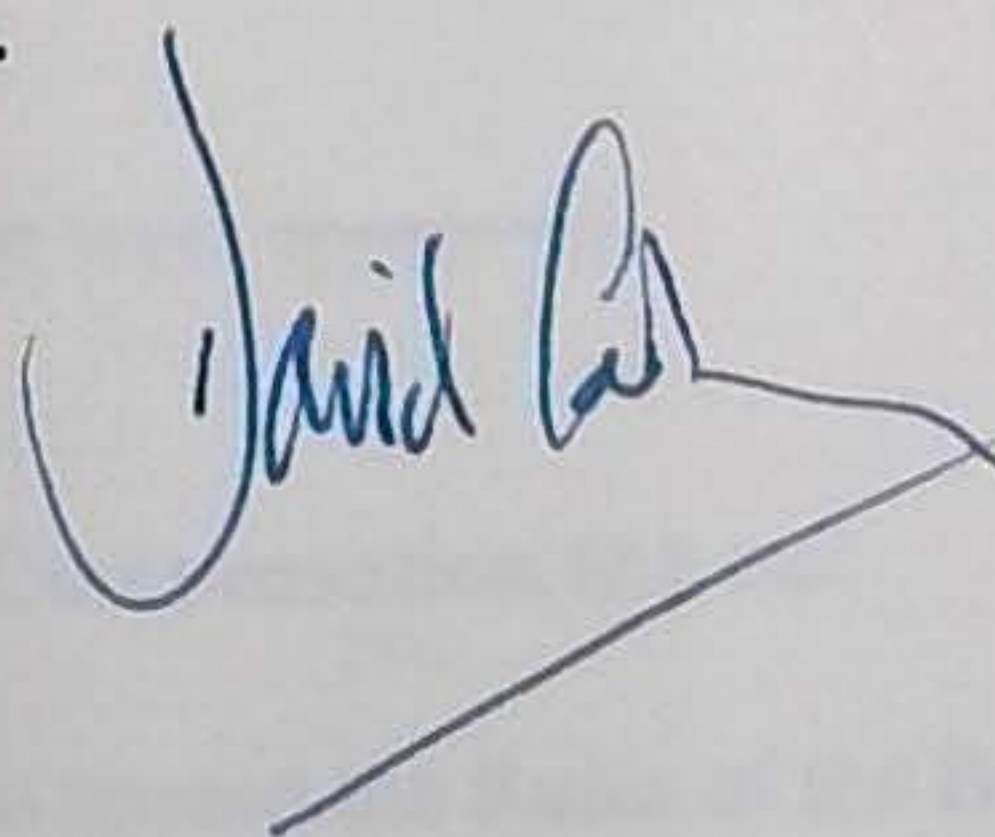
Members of the Executive withdrew.

**A Report from the Chairman of the Remuneration Committee**

Sir William Morris, in his capacity as Chairman of the Remuneration Committee, reported to Court the recommendations of the Remuneration Committee which had met earlier in the day. He said that the Remuneration Committee recommended that the Governor should be awarded a merit increase to his salary of 2.5% from 1 July 2004. The Governor's salary would thus rise from £263,316 to £269,899 per annum. Sir William said the recommendation had been informed by a formal appraisal of the Governor's performance during his first year by Sir David Cooksey.

The recommendation was APPROVED.

The meeting of Court was closed.



14-06-04



## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 14 JULY 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, NedCo  
Mr Barber  
Ms Blow  
Ms Fawcett  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Sir Andrew Likierman  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Sir John Parker  
Dr Potter

Absent:

Mrs Powers-Freeling  
Ms Rabbatts

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, and Mr Jenkinson.

The Minutes of the Court of 16 June were approved.

### Rule amendments to the Bank's Compensation Scheme

Court APPROVED the resolution to amend the Rules of the Bank of England Compensation Scheme to the extent necessary to include the following provisions on pension sharing on divorce orders under the Welfare Reform and Pensions Act 1999.



Court resolved the following:

***“Pension sharing on divorce***

*Effect may be given to a pension sharing order in relation to benefits under the Compensation Scheme by means only of a pension credit within the Compensation scheme. No transfer payment will be permitted.*

*The terms of the pension credit will be as follows: -*

- *a pension for the ex-spouse payable for life, increased each year in line with retail price inflation;*
- *the pension is payable from age 60;*
- *the ex-spouse may receive an immediate pension that will be reduced for early payment; and*
- *no benefit shall be payable to any dependant (including a new partner on remarriage) upon the ex-spouse's death.”*

**The Bank's Community Involvement Policy**

Having discussed the Bank's Community Involvement Policy in the earlier meeting of NedCo, the Governor said the Executive Team would give further consideration to the proposals and revert in the near future.

**MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for July.

**The Bank's Strategy – Customer Banking, Support for the MPC and Human Resources; the Quarterly Financial Report**

Court noted the discussions in NedCo of the above items.



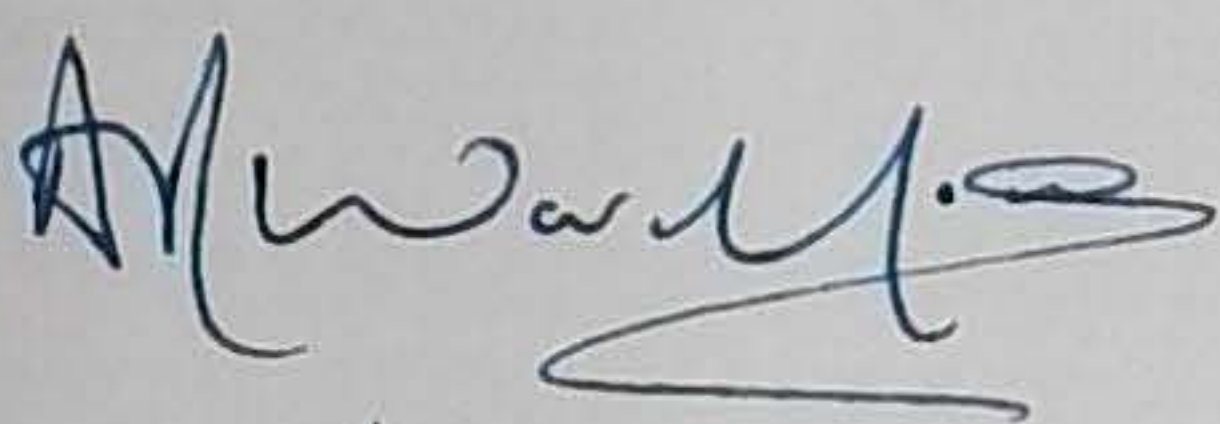
**Sealing Committee authorisations**

The Governor invited Members to view the Sealing Book if required.

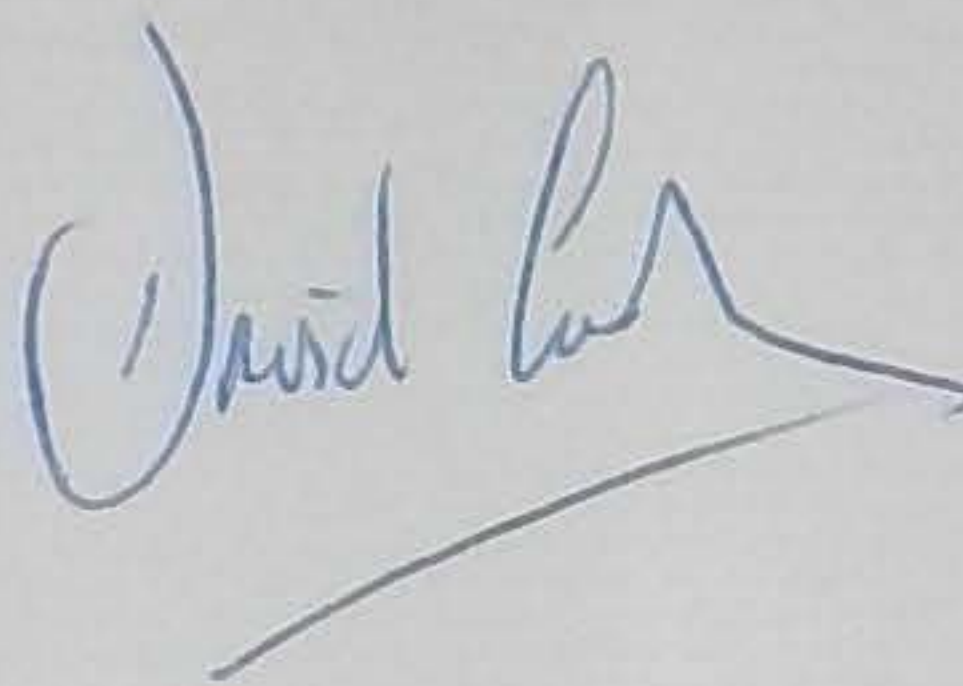
**Any other Business**

None.

The meeting of Court was closed.



15/9/04





## A MEETING OF THE COURT OF DIRECTORS

THURSDAY 12 AUGUST 2004

Present:

Mr King, Governor

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability

Ms Lomax, Deputy Governor – Monetary Policy

Sir David Cooksey, Chairman, NedCo

Mr Barber

Ms Blow

Ms Fawcett

Mrs Francis

Sir Graham Hall

The Hon Peter Jay

Sir Andrew Likierman

Mr McCarthy

Sir Brian Moffat

Sir William Morris

Ms O'Donovan

Sir John Parker

Dr Potter

Mrs Powers-Freeling

Ms Rabbatts

The number of Directors assembled was insufficient to form a quorum.

The Minutes of the Court of 14 July were noted and would be resubmitted to the next meeting of Court.

### MPC monthly report to Court

The MPC report to Court for August (previously circulated to Directors) was noted.

### Any other Business

None.

The meeting of Court was closed.

*Andrew M. King*  
15-9-04  
*David Cooksey*



## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 15 SEPTEMBER 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Sir David Cooksey, Chairman, NedCo  
Ms Blow  
Ms Fawcett  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Sir Andrew Likierman  
Mr McCarthy  
Ms O'Donovan  
Sir John Parker  
Dr Potter  
Ms Rabbatts

Absent:

Ms Lomax, Deputy Governor – Monetary Policy  
Mr Barber  
Sir Brian Moffat  
Sir William Morris  
Mrs Powers-Freeling

Also attending

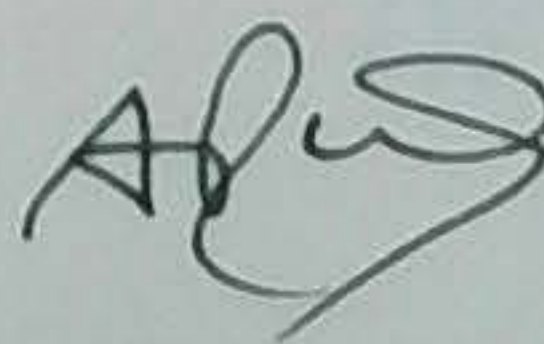
Mr Bailey, Mr Bean, Mr Clark, Mr Footman and Mr Jenkinson.

The Minutes of the Court of 14 July and 12 August were approved.

### Rule Change relating to the Staff Pension Fund

Mr Footman introduced a Resolution giving effect to a rule change affecting the Staff Pension Fund allowing the creation of a new class of deferred pensioner, following from the transfer of the Bank's printing operations to De La Rue.

Court APPROVED the resolution.





**Rule Changes relating to the Court Pension Scheme, together with a Recommendation from the Chairman of the Scheme**

The Governor announced that all members of the Executive present had an interest in the Court Pension Scheme but he hoped that Court Members would agree that because of the nature of the two matters which were before Court for approval, it would not be necessary for the Executive to withdraw. Court agreed.

Mr Footman drew attention to proposed rule changes relating to pension sharing for divorced couples, the facility for voluntary deferment of draw down of AVCs and modernisation of language in the Trust Deed and Rules.

Court APPROVED the rule changes.

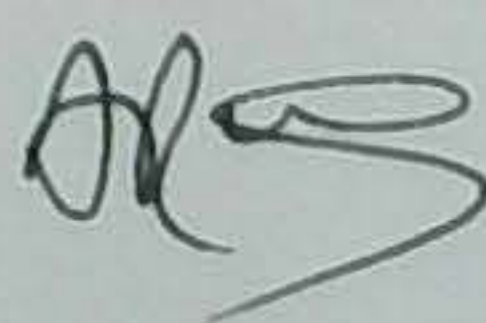
Sir Graham Hall, in his capacity as Chairman of the Trustees of the Court Pension Scheme, presented recommendations concerning the Bank's contribution rate to the Scheme following the latest actuarial valuation. It was proposed that:

- a) the Bank makes a contribution to the Scheme in 2004/05 of 43.7% of pensionable salary;
- b) the level annual payments agreed to amortise the deficit disclosed by the 2003 valuation be discontinued from 2004; and
- c) the Bank signs a Schedule of Contributions to cover the 2004/05 contributions specified above.

Court APPROVED the recommendations.

**MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for September.





**The Bank's Strategy - Overview, Financial Framework, Central Services and Payment Systems**

Court noted the discussions in NedCo of the above items.

**Any other Business**

There was no other business.

**The meeting of Court was closed.**

*David L...*

*Al...*



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**A MEETING OF THE COURT OF DIRECTORS**

**WEDNESDAY 13 OCTOBER 2004**

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, NedCo  
Ms Blow  
Ms Fawcett  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Sir Andrew Likierman  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Sir John Parker  
Dr Potter  
Mrs Powers-Freeling  
Ms Rabbatts

Absent:

Mr Barber

Also attending:

Mr Bean, Mr Clark, Mr Footman and Mr Jenkinson

The minutes of the meeting of 15 September were approved.

**The Bank's Strategy and Financial Framework**

Court APPROVED the Bank's strategy and financial framework, following discussion in the meeting of NedCo on 15 September 2004.

**MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for September.

ALW



**Report from the Audit Committee, Quarterly Financial Report, Pensions, Business Continuity**

Court noted the discussions in NedCo of the above items.

**Any other business**

There was no other business.

The meeting of Court was closed.

David Corrie

Alwyn J. J.

11 November 2004



**A MEETING OF THE COURT OF DIRECTORS**

**THURSDAY 11 NOVEMBER 2004**

Present:

Mr King, Governor  
Sir David Cooksey, Chairman, NedCo  
Mr Barber  
Ms Blow  
Mrs Francis  
The Hon Peter Jay  
Mr McCarthy  
Sir Brian Moffat  
Ms O'Donovan  
Dr Potter  
Mrs Powers-Freeling  
Ms Rabbatts

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Ms Fawcett  
Sir Graham Hall  
Sir Andrew Likierman  
Sir William Morris  
Sir John Parker

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker.

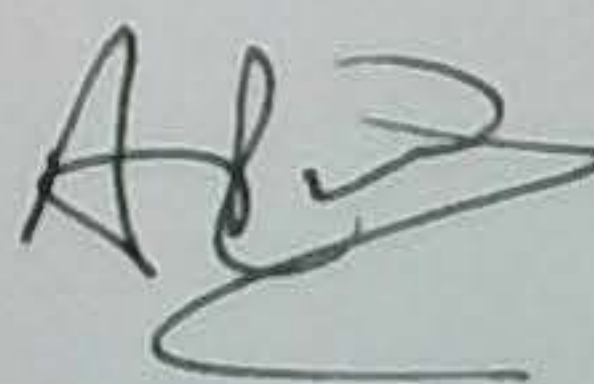
The Minutes of the Court of 13 October were approved.

**Community Involvement Policy**

Court APPROVED the revised Community Involvement Policy covering the next three years.

**MPC monthly report to Court**

Court noted the discussion in NedCo of the monthly MPC report to Court for November and the November Inflation Report.





The Bank's budget, Globus, Code of Conduct for Personal Financial Transactions, Agent's issue of the month

Court noted the discussions in NedCo of the above items.

Any other business

There was no other business.

The meeting of Court was closed.

Alwamy  
David Cook  
15-12-04



## A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 15 DECEMBER 2004

Present:

Mr King, Governor  
Sir Andrew Large, Deputy Governor – Financial Stability  
Ms Lomax, Deputy Governor – Monetary Policy  
Sir David Cooksey, Chairman, NedCo  
Ms Fawcett  
Mrs Francis  
Sir Graham Hall  
The Hon Peter Jay  
Sir Andrew Likierman  
Mr McCarthy  
Sir Brian Moffat  
Sir William Morris  
Ms O'Donovan  
Sir John Parker  
Mrs Powers-Freeling  
Ms Rabbatts

Absent:

Mr Barber  
Ms Blow  
Dr Potter

The Minutes of the Court of 11 November were approved.

### **Remuneration Committee – Terms of Reference**

Court APPROVED the revised terms of reference for the Remuneration Committee.

### **MPC monthly report to Court**

Court noted the submission of the monthly MPC report to Court for December.

### **Staff pay proposals, BCCI, strategy implementation, Court Effectiveness Review**

Court noted the discussions in NedCo of the above items.



Any other business

There was no other business.

The meeting of Court was closed.

David R. [Signature]