

Prime Minister 2



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To note - too big
a settlement by the
Bank, though part
of it will be
staged.

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PRIME MINISTER

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PAY OF BANK OF ENGLAND STAFF

I think you should know of a substantial pay settlement which the Bank of England have just reached, affecting the bulk of their staff, and involving total increases of the order of 25 per cent.
The main details are:-

- an across-the-board increase of 10.3 per cent from the normal 1st July annual settlement date;
- a very large up-dating of London Allowances (£410 - £735) and a few adjustments to differentials, again payable from 1st July;
- a further general increase to reflect a privately conducted comparability study, aimed particularly at the recruitment levels but to be extended across-the board. It has however been negotiated that this will be payable in two stages, about one-third on 1st November and the remainder on 1st March 1980. The total increase is agreed as 16 per cent, but since it does not apply to all aspects of pay, the effect on the pay bill will be lower.

2. The Bank made this settlement, as they no doubt thought right, without prior consultation with the Treasury. Indeed I understand that they reached agreement very rapidly, having discovered that the Staff Association were anxious for a quick settlement and prepared to give some ground in negotiation in order to get one. For their