Essays in Economic & Business History
2024, 42 (1): 90-115
Published April 17, 2025

The Issue Department of the Bank of England

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Abstract

This article sets out the establishment of the Issue Department of the Bank of England in 1844. We present a new series showing the profits of note issue to the present day and discuss these in relation to central bank seigniorage. We discuss its changing size and importance and the unusual uses to which it was occasionally put. We argue that the main reason for the creation of the Issue Department, to ensure the separation of the profits of issue from the profits of banking business, still remains the case 180 years later.

JEL Classifications: E58, N23, N24.

Keywords: central banking, note issue, profits, seigniorage.

ISSN 2376-9459 (online) LCC 79-91616 HC12.E2

Introduction

In 2010 the Bank of England paid to the UK Treasury £2.5 billion, being the profits from the Bank's Issue Department for that year. (That was apart from the 50 percent share of its Banking Department's profits also sent to the Treasury, and of course tax payments). That £2.5 billion was quite a significant sum. For example, for some perspective, that same year the government received total "Business and other taxes" of £53 billion, and £97 billion of National Insurance tax receipts. Admittedly, the 2010 figure was exceptionally high, though there were other similar years. So what were these profits? From where were they derived? And what was the Issue Department?

In this article we set out the story of the establishment and course of the Issue Department in the nineteenth century and show the changes that took place after that. The biggest of these were as a result of the First World War. We then consider the Department's profits and their distribution, and the growth of the balance sheet. Within this it is appropriate to examine the costs of production, sometimes dismissed as trivial by outsiders. We turn next to the question of seigniorage, and follow that with some discussion of the changing uses to which the Department was put. We add some thoughts on the question of the Department being seen as a currency board, and on its function as manager of the UK's sovereign debt. We then end with the question of the separation of the Banking and Issue departments and the discussions that took place from time to time on whether or not the division that took place in 1844 was still sensible or even necessary 100 or 150 years later, and indeed why the division still persists today.

Establishment and Development

The Bank was a private institution until its nationalization in 1946, and was subject to renewals of its charter. From its earliest years the Bank's note issue was seen as a privilege (one of several it had). And while there was no explicit payment made for any specific privilege, the Bank did make payments to the State in "that old corruption" as it has been described, the mercantilist world that was the eighteenth century.[1] Lawrence Broz and William Grossman (2003) set that out some time ago. From the Bank to the government there were interest-free loans, loans at un-commercially low rates of interest, and sometimes straightforward "gifts", all made to the State with the purpose of securing the Bank's privileges, often made as another renewal of the Bank's charter loomed.[2]

But at the end of the eighteenth/beginning of the nineteenth centuries, over the course of the Napoleonic Wars, when the gold standard was suspended, the Bank increased its note issue quite substantially and its profits rose sharply. This did not go unnoticed. David Ricardo, for one, took exception and made frequent comment on it from 1816 onwards. Then he gathered his thoughts and wrote a pamphlet, "Plan for the establishment of a National Bank". It was written in the summer of 1823 and published at the beginning of 1824 six months after his death. The pamphlet set out his concerns and his solution. He argued that the profits from note issue really belonged to the State and should go to the State. He further argued that the note issue should be an entirely separate business and could be carried out by an institution outside the Bank.[3] The next charter renewal in 1833 did not do that, but took a step in that direction by requiring that in return for the privilege of the note issue, the Bank would deduct the sum of £120,000 from the money that it received from the government for managing the

[1] Howe 1994.
[2] Broz and Grossman 2003.
[3] Ricardo 1824.

national debt.[4] If there were profits beyond that sum the Bank could keep them. Also at this time the Bank was paying about £63,000 in Stamp Duty on its notes.

After the 1833 renewal, the debate continued to run and culminated in the Bank Charter Act of 1844 (hereafter "the 1844 Act").[5] The 1844 Act fixed the Fiduciary Issue at £14 million and gave the Bank the monopoly of note issue. It required that the Bank be divided into two departments, an Issue Department and a Banking Department. And the fee that was payable by the Bank was £180,000, which included £60,000 in lieu of Stamp Duty; and again, the Bank was allowed to keep any profits over and above that.[6] Any profits attributable to increases in the note issue were to go to the government. As well as the separation of the departments, the 1844 Act also allowed for the management of the Issue Department to be overseen by a separate committee of directors, although as Clapham notes, "it never was".[7]

The 1844 Act also allowed for "composition" to be paid to certain banks who were either still issuing their own bank notes, or was paid as compensation to banks who by agreement with the Bank had already ceased to issue their own notes at the time of the 1844 Act. For the latter the compensation was fixed at 1 percent of the Bank of England notes issued by these banks and remaining in circulation. These sums were deducted from the Note Issue Expenses Account. £18,765 was paid out in 1846. All of this was supposed to cease on August 1, 1856 but the relevant clause was repealed and the payments continued. The amounts, however, were small: £8,830 in 1900 and £2,709 in 1931.[8] Even after the Second World War, three banks were still receiving these payments and it was not until the mergers of Martins Bank with Barclays, and District Bank with National Westminster in 1969 and 1970 respectively that these composition payments finally ended.[9]

At the time of creation in 1844, Issue Department assets totalled £28.4 million (Banking Department assets were £31.4 million). The securities transferred into the Issue Department included £11.115 million that was the amount of government debt held by the Bank (including the original £1.2 million dating back to when the Bank was established).[10] As noted, the Fiduciary Issue in 1844 was £14 million. The 1844 Act made provision for this to increase as and when banks ceased to issue their own notes and additional Bank of England notes were issued in their place. This first occurred in 1855, and up to the outbreak of war in 1914 there were a further nine occasions when this happened. At that point the Fiduciary Issue stood at £18.45 million.[11]

[4] "An Act for giving to the Corporation of the Governor and Company of the Bank of England certain privileges, for a limited period, under certain conditions", William IV, Cap XCVIII, August 29,1833.

[5] "An Act to regulate the Issue of Bank Notes, and giving to the Governor and Company of the Bank of England certain privileges for a limited period", 7 & 8 Victoria, Cap XXXII, July 19, 1844; W. Marston Acres 1931, 496-501; Sir John Clapham 1944, 172-185; J.K. Horsefield 1944; David Kynaston 2017, 137-142.

[6] Hammond Chubb (The Secretary), "The Issue Department of the Bank of England, in its relation to the issue of Bank Notes, and the arrangement with the Government connected therewith." August 1898, p.4, Bank of England Archive (hereafter BoE) G15/142.

[7] Clapham 1944, 183. Also see William Thomson and Lloyd Christian 1911, 50-52; P. Barrett Whale 1944.

[8] "Bank Notes: Composition paid to bankers", October 24, 1932, BoE C12/19.

[9] Paul Brader (Chief Cashier's Office) to Charles Excell (Deputy Chief Cashier), "Composition paid to bankers", August 17, 1962; John Fforde (Chief Cashier) to The Chief Accountant, Martins Bank, December 10, 1969; John Fforde (Chief Cashier) to The Chief Accountant, District Bank, December 23, 1969, BoE C12/19.

[10] Bank of England Annual Report and Accounts 1971, 46, 56-57. The sum was paid off in July 1994 to coincide with the Bank's tercentenary.

[11] Bank Charter Act 1844, clause V.

However, in 1914 something remarkable happened that had an impact on the Issue Department's profits some years later and that was the issue of Treasury notes. On the outbreak of the First World War in August 1914 there was considerable financial upheaval and one of the consequences was a shortage of cash, particularly for small transactions. The Bank was in close discussion with the Treasury and among many measures devised to cope with the upheaval was an increase in the note issue.[12] The Treasury insisted on doing this itself, issuing a large amount of £1 and 10/- shilling notes that quickly became known as "Bradburys" after the Permanent Secretary of the Treasury.[13] The Bank was greatly disturbed by this: "… it was abhorrent to the Bank not only as a breach in the Bank Charter Act of 1844 but also on the broader political ground that, 'it is improper that the power of issuing paper currency should be in the hands of the Executive' ".[14] It was inevitable that the gold standard would be suspended in a time of war but even so it was hardly the place of the Treasury to issue notes. That approach to government financing had always been condemned on the grounds of being inflationary. Of course, with the gold standard suspended the Bank was free to issue notes too and it did.

The total issue was quite substantial. Between 1913 and 1919 the Bank's notes increased from £28 million to over £70 million. But the circulation of the Treasury's notes rose to over £300 million. These Treasury notes were certainly an irritant to the Bank. Indeed, as already remarked, the Bank saw their issue as a breach of the 1844 Act, and discussions were underway by 1917 as to how the situation was to be resolved. Agreement was reached in 1918 when the world could at least see the beginnings of a return to something like normal. The Treasury notes would be amalgamated with the Bank's as soon as manageable. A great deal of discussion took place on quite what arrangements should be made for how the Bank would pay what profits to the Treasury.[15] It was a protracted process, and the necessary legislation was eventually passed in the form of the 1928 Currency and Bank Notes Act ("the 1928 Act"). Under the provisions of this Act, all of the profits of the Issue Department (apart from the Stamp Duty element) were sent directly to the Treasury.

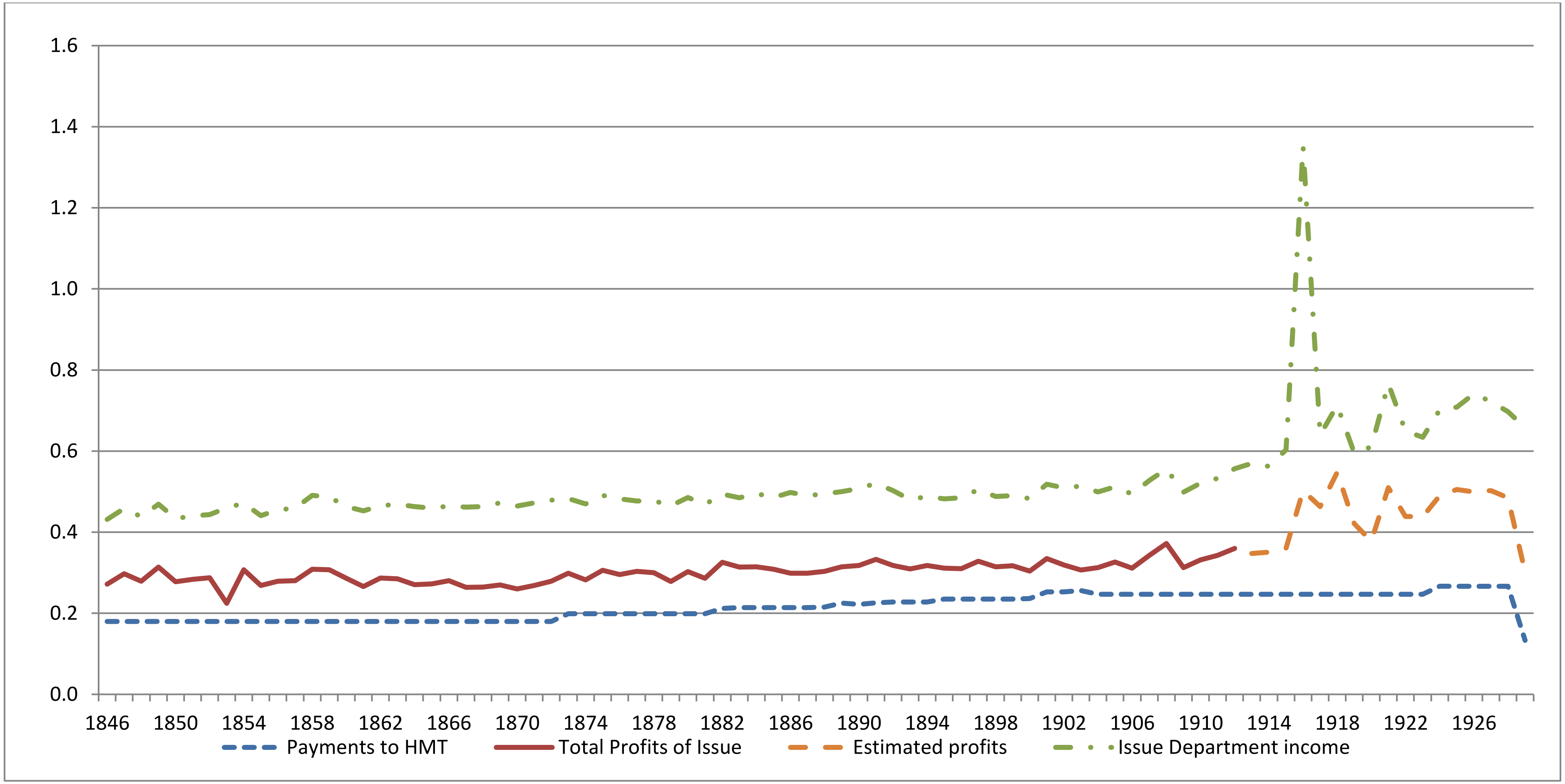
In these discussions, the Bank worked hard to protect its position. Cecil Lubbock, Deputy Governor, wrote to Sir Alan Anderson, his immediate predecessor and a member of the Committee looking into the question, "I don't imagine that we shall throw our profits at the Government, but it is almost certain that they will ask for them and we can then use them in order to obtain concessions on other profits".[16]

The Profits of Issue and the Profits of the Bank

Tables A1 and A2 (see Appendix) show the profits of the Issue Department from its creation to the present day. Reflecting what has been described above, Table A1 covers the years 1844-1912 when profits were shared between the Bank and the Treasury, and Table A2 the period since 1929 when all profits have gone to the Treasury.

The division of the Banking and Issue departments was reflected in the Bank's accounting records, and it also had consequences for the Bank's profits. The Banking Department carried out the banking business of the Bank and the Issue Department was responsible solely for the note issue. Separate profit and loss accounts were kept for the two departments up until 1912, and these show that the profits of Banking, fluctuated around a trend of £1.3 million per year. They far exceeded the profits of Issue. After 1912 the profits of the two departments were not shown separately in the Bank's accounting ledgers, only an

[12] Sayers 1976, 75-76; Roberts 2013, 122-125.
[13] £1 consisted of 20 shillings, and a shilling consisted of 12 pence.
[14] Sayers 1976, 284.
[15] For the discussion on the amalgamation of the note issues see BoE C40/871-873.
[16] Lubbock to Anderson, November 25, 1927, BoE C40/871.



Source: Table A1 and Bank of England, half-yearly accounts, BoE ADM19.

Figure 1
Bank of England Issue Department, income and profits, 1846-1929, £m.

aggregated figure. We can find no sources explaining this change. Unfortunately, this also coincides with a period when the profits generated by the Issue Department are of particular interest. However, there is a close correlation between the profits and the income of the Issue Department sufficient to allow us to construct a separate series, shown in Figure 1.[17]

What determined the size of the profits of the Issue Department? Its income was determined by both the stock of assets and interest rates. The former depended directly on the backing for the note issue. Its income was overwhelmingly made up of interest on the securities it held for that backing. There were one or two other small items. Total income was fairly stable at just under £500,000 from the 1840s to the end of the century. It was then rising and rising sharply and was more volatile between 1914 and 1928. In aggregate the profits fluctuated around a trend of £250,000 in the first part of the period and were on a gently rising trend of more that £300,000 from the 1880s to 1912. Figure 1 includes all the components from 1845 until 1929. Initially, as noted, a flat £60,000 went as Stamp duty each year and £120,000 went to the Treasury.[18] By the beginning of the twentieth century approximately £190,000 per annum was being paid to the Treasury, reflecting changes taking place in the fiduciary issue after the 1870s. Any profits in excess of these figures the Bank could keep. The figure also shows that in the middle of the nineteenth century these additional profits were roughly £100,000 per annum but by the end of the period they had fallen to something closer to £50,000 per annum.

The main component of expenditure was the cost of Bank note production and issue. From the beginning, these costs were deducted from revenue before the profits were calculated for passing to the Treasury. There were, and are, several elements in the costs total: the direct cost of production of notes, the cost of issue and custody; and other expenses. In earlier years, "composition" was paid in relation to note issue by other banks (which greatly diminished over time and then disappeared in 1970). There was also payment against currency notes that had been issued by the Treasury from 1914.

Turning to some data, for the twelve months ending February 28, 1850 the total costs of production amounted to £130,754 (when total revenue was £433,000). The largest component in this total was £102,675 for wages and pensions: the paper for Bank Notes cost £6,660. In addition, commission of £17,295 was paid to certain banks that were still issuing notes.[19] Calculations made by the Bank in the late 1880s and early 1890s suggested that there was a direct cost of 1.5d to produce a £5 note (0.125 percent), with additional costs required to keep it in circulation for a year. In 1888 it was claimed that in recent decades the Bank had "at great cost introduced new labour-saving machinery, and adopted, as far as practicable, cheaper labour" although an increased note issue meant that total costs had risen.[20] Indeed, the figures for the years ending February 1860 and 1890 were £148,098 and £174,760 respectively. The direct costs of note production, or at least the main elements, were only shown separately in the accounts from 1882: £10,781 for the first full year ending February 1883, rising to £19,367 by 1890. Shortly before the First World War, total costs of the Issue Department were £192,327, with direct costs of production at £22,049.[21] Matters are then complicated by the war, the issue of "Bradburys" and the amalgamation of the Bank and Treasury note issues,

[17] See Anson and Capie 2022 for fuller discussion.

[18] There were 11 changes to the fiduciary issue between 1844 and 1923. See Bank of England. "The Bank of England's Balance Sheet.", weekly balance sheet data, sheet 7.

[19] "Stock Estimate &c." BoE ADM19/3.

[20] Bank of England, "The Bank of England in relation to paper currency", February 1888, BoE G15/142.

[21] Year ending February 1912, "Stock Estimate &c." BoE ADM19/10.

but in February 1939 the total costs of production and issue were £831,000 with the printing of notes accounting for £533,000 of this.[22]

Table A3 (see Appendix) shows data on the costs of note production, issue and custody since the nationalization of the Bank in 1946—in real terms, largely flat. Similarly, when profits are expressed as a percentage of assets. The increases were related to the introduction of new technology, for instance the polymer notes from the 2010s. The figures of 1.5d to produce a five-pound note in the 1890s can be compared with the figure of 0.7d for a five-pound note in the 1950s (around 0.06 percent)—and 0.3d for a one pound or 10 shilling note in the 1950s (0.125 and 0.25 percent respectively).[23] An estimate by the Bank suggested that in 2017-18, production costs per note were between 7 and 8 pence (1.4 percent for a five-pound note), a rather dramatic increase over the figures for the 1950s.[24]

Table A4 (see Appendix) and Figures 2, 3, and 4 sum up the essence of the Issue Department as read from its balance sheet. They do not need much explanation. Figure 2 shows total assets from 1845 to 2019. From its beginning through the gold standard years total assets were a small and steady amount. From the 1930s, but particularly after the Second World War, there was a steep upward path under first a pegged exchange rate, and then from 1971 under a fiat regime (in part a consequence of the inflation of the period). Figure 3 shows the share of the Issue Department in the Bank's consolidated balance sheet, a flat trend around 50 percent until the First World War, and then a flat trend of around 80 percent until the late 1990s. That was followed by a steep decline after the global financial crisis when the Banking Department expanded its business hugely. Finally, Figure 4 shows the changing composition of assets in the Issue Department. This is marginally more difficult to explain. From the beginning until 1928 gold grew in significance and government debt declined. After leaving the gold standard at the beginning of the 1930s gold declined sharply and finally to zero on the outbreak of war in 1939 when the Issue Department's remaining gold was transferred to the Exchange Equalisation Account (which had been established in 1932, and is discussed below). From then until the 1980s government securities dominated. After that, these fluctuated along with "other securities", more or less off-setting each other.

Periodically, there was a question about the valuation of the assets in the Issue Department. The reason for the volatility after 1928 was that in the monthly payments to the Treasury any variation in the value of the securities held in the Issue Department was treated as a "direct" item. Thus a rise in the value of the securities raised income; and any fall in value reduced income. The zero profits at the end of the 1930s were a consequence of capital losses due to the revaluation of securities.[25]

A point of interest for us is what actually happened to the Banking Department's profits following the changes in 1928. Sayers wrote, "On the profits of the note issue also the design was to maintain as much of the old framework as possible while taking account of the actual position reached in 1928".[26] Clause 6 of the 1928 Act provided that profits from the note issue should go to the Treasury. Sayers says that the division of profits and charges under the 1844 Act and subsequent settlements had become complicated and that delicate adjustments were needed so that after 1928 the Bank would be left no worse off than it had been by sending fixed sums of Issue Department profits to the Treasury.[27]

[22] Clearly the basis of calculation had changed from pre-1914, but it has proved impossible to trace in what ways.

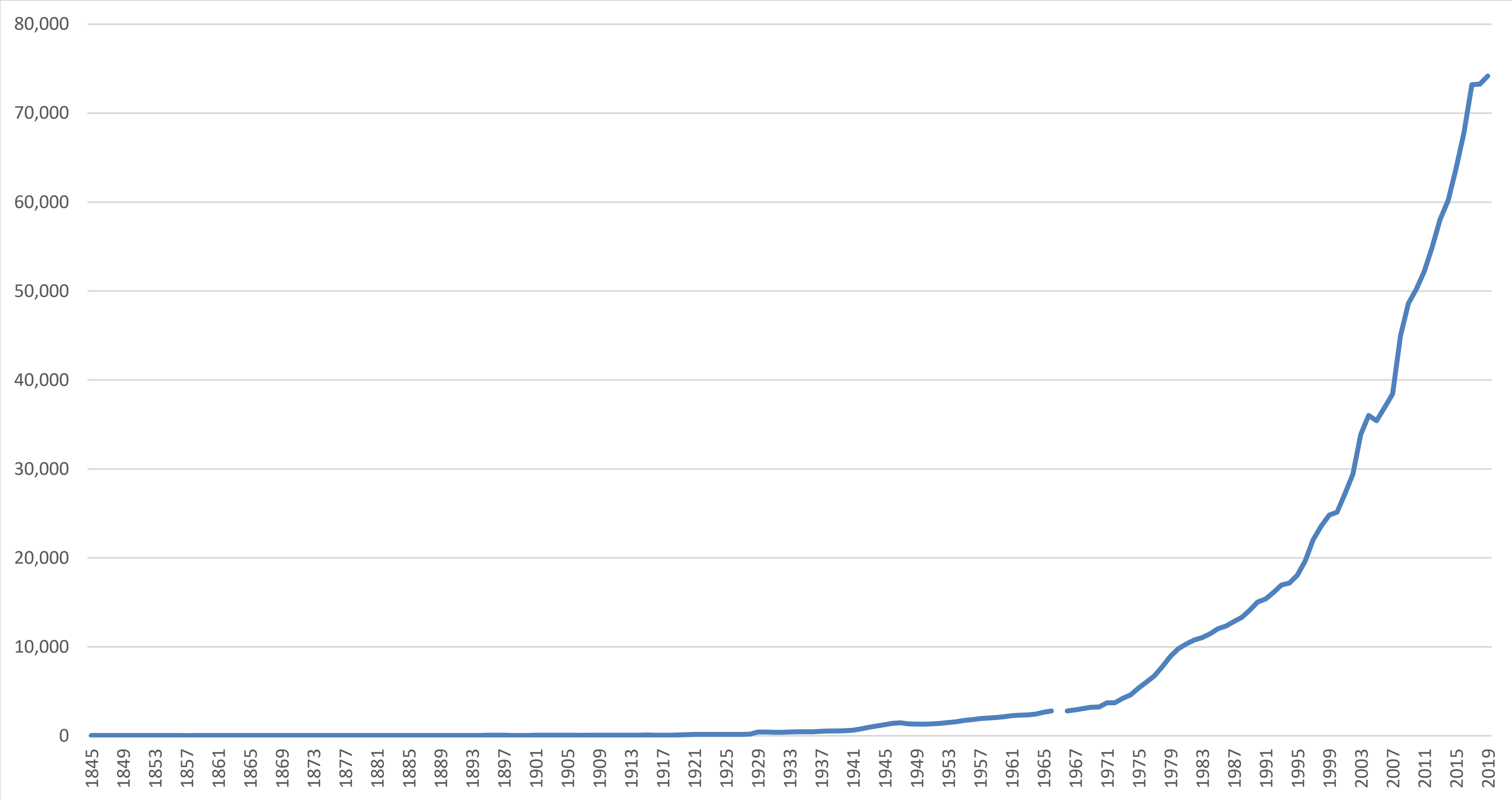
[23] Half-yearly statements to HM Treasury detailing the costs of Bank of England notes can be found, for example, in BoE C40/578.

[24] Bank of England 2020.

[25] Percival Beale (Chief Cashier) to Burke Trend (HMT), January 23, 1951, BoE C40/577.

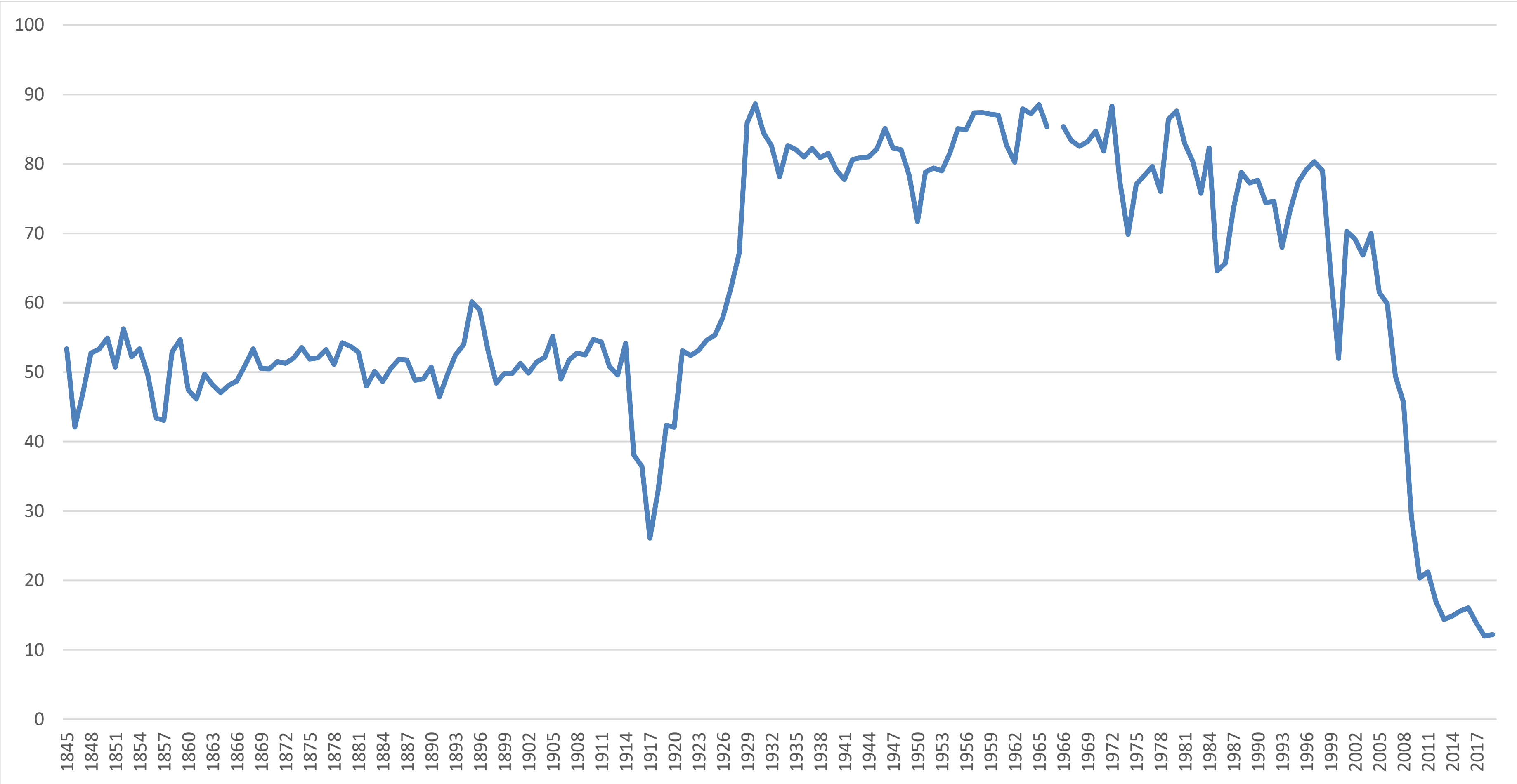
[26] Sayers 1976, 289.

[27] Ibid., 290.



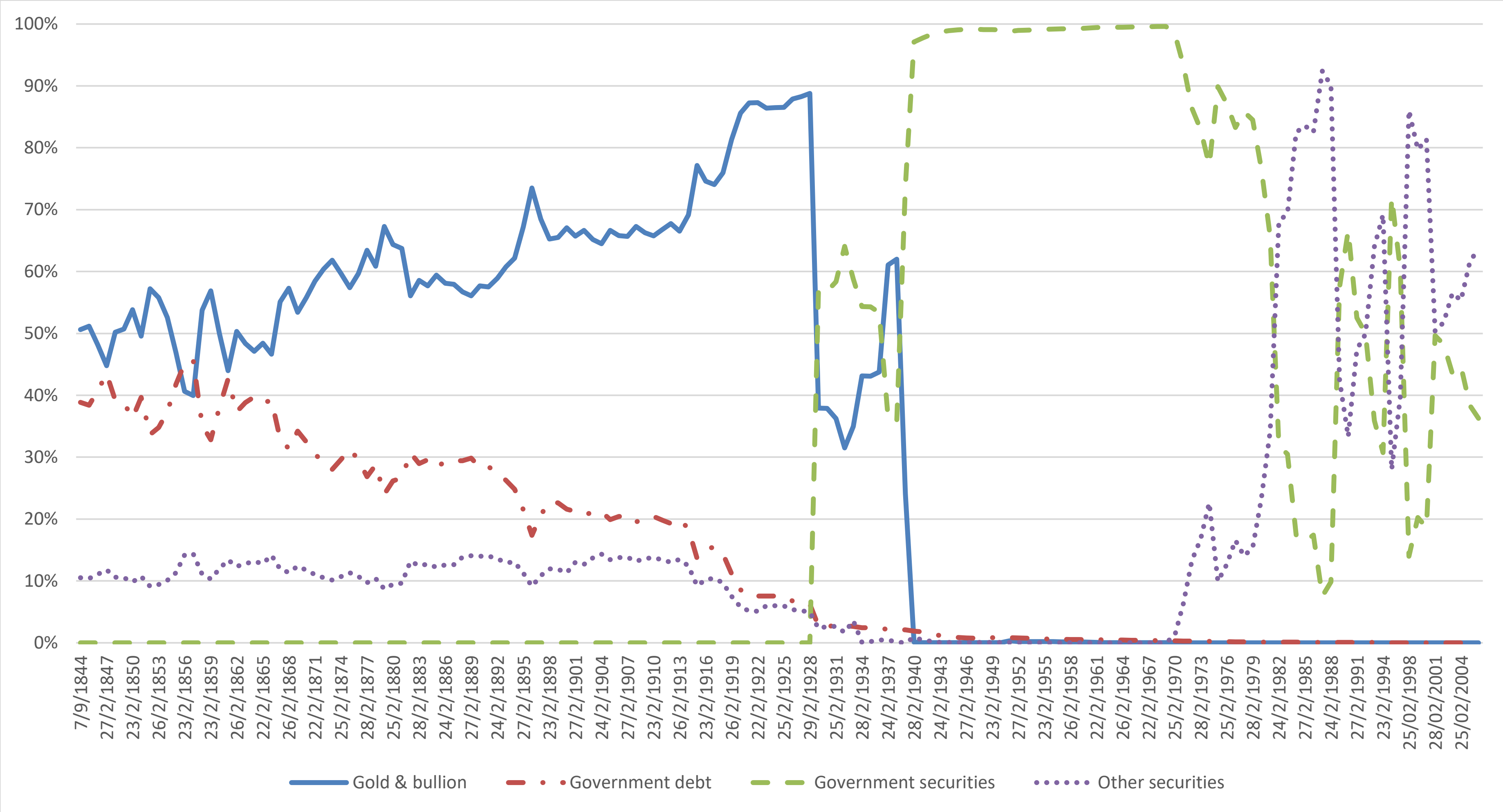
Source: Bank of England. “The Bank of England’s Balance Sheet.”.

Figure 2
Bank of England Issue Department total assets, 1845-2019, £m.



Source: Authors' calculations from Bank of England. "The Bank of England's Balance Sheet.".

Figure 3
Issue Department assets as percentage of consolidated Bank of England balance sheet, 1845-2019



Source: Authors' calculations from Bank of England. "The Bank of England's Balance Sheet.".

Figure 4

Percentage composition of Issue Department assets, 1844-2006

Now, we have noted that the Bank had been taking profits from the Issue Department of around £100,000 per year in the mid-nineteenth century. The profits undoubtedly rose sharply with the hugely increased note issue after 1914. We know that the Bank was adding to its reserves in the 1920s at the rate of £2.5 million per year. According to Sayers these figures were so high that the Bank did not argue over the loss of the £100,000, leaving it ambiguous as to whether they were worse off or not. In fact, profits from the Issue Department sent to the Treasury were highly volatile in the 1930s shooting up from £2 million to over £6 million before falling away to zero in the last years of the decade. They then jumped in wartime to over £16 million in 1945.[28] But they continued to be high and in excess of £8 million per year for most of the years up to 1950. These are quite staggering figures. In losing some share of these amounts clearly meant the Bank was worse off than it had been under the previous arrangements.

While the Bank was a private institution until its nationalization in 1946, what were the implications of all this for the Bank's shareholders (known as stockholders)? After 1844 the Bank had been allowed to keep a significant chunk of the Issue Department's profits. Between 1844 and 1912 the total Issue Department profits were £20.4 million, of which the Bank retained £6.8 million. In other words, the Bank was keeping around one-third of the Issue Department profits. And while we lack a precise figure for the years 1913-1928 we estimate that Issue Department profits were even more substantial, £11.7 million, with the Bank retaining £7.5 million.

What happened to these profits? In the second half of the nineteenth century, virtually the entirety of the Bank's post-tax profits were returned to the shareholders through dividends which fluctuated between 7 percent and 10.5 percent. This began to change from the early twentieth century as the Bank started to use profits to build up its reserves. However, the majority of these profits came from the Banking Department and not the Issue Department. Total profits between 1844 and 1912 were £97 million, with the Issue Department element being £6.8 million. In the same period, £92 million was paid in dividends. Removing the Issue Department contribution from the cash sums paid out suggests that the average dividend would have been reduced from 9.3 percent to 8.6 percent. Profits from 1913 to 1929 were £98 million, but only £21 million went to shareholders, and by this time the Bank was essentially paying a fixed dividend whatever the circumstances.[29] Overall then, Issue Department profits were comparatively small in the calculation of the annual dividend, although the Bank's shareholders were benefiting from the issue of notes to a certain degree, until this ceased after 1929.

Seigniorage

When the Bank was established in 1694 there was no Issue Department. But the Bank issued notes from its earliest years. Issuing banknotes has been an attraction for bankers from their beginning. It is a profitable business. These profits of note issue are usually described as seigniorage, one of the ways that central banks can be financed. In the case of the Bank, it was financed almost entirely out of its own banking business profits, rather than seigniorage, in the sense just used, or at least only in very small part by seigniorage before 1928, and after that not at all. Indeed, it was not until the Bank's Annual Report of 2014 that it used the word seigniorage to describe the Issue Department profits: "The net profits/losses of the Issue

[28] The reasons are various but the Currency and Banknotes Act of 1939 must have played its part. "It provided that the Note Issue should always equal the *market value* of gold and other assets held in the Issue Department. … this logically turns the basic principle of the gold standard and the 1844 Act upside down" (W. Manning Dacey 1958, 117).

[29] Anson and Capie 2022, 115, and associated data (accessed October 15, 2024): https://doi.org/10.1017/S0968565022000038.

Department are referred to as seigniorage, and paid/claimed directly to/from HM Treasury via the National Loans Fund".[30]

We leave aside the seigniorage that might have accrued from the Royal Mint from the production of coins. Seigniorage payments were abolished in 1666 but then seem to have crept back in following the lapsing of the legislation. But it is of some interest to note a mention of what it would have been in the eighteenth century in a letter from David Hume to Adam Smith:

> It appears to be impossible, that the King of France can take a seigniorage of 8% upon the coinage. Nobody would bring bullion to the Mint. It would be all sent to Holland or England, where it might be coined and sent back to France for less than two per cent.[31]

Seigniorage has proved a difficult concept to explain and indeed even to agree upon a definition.[32] A recent treatment by Zbigniew Polanski and Mikolaj Szadkowski brings out some of the difficulties. These authors aim to, "to identify the changes in seigniorage during the period 2003-2019 in a group of central banks". First it required a definition. They examined three possibilities: monetary seigniorage; opportunity cost seigniorage; and "seigniorage from central bank's balance sheet".[33] There are problems with all three approaches and difficulties in calculation—some data, and some theoretical. However, the third approach, the central bank balance sheet approach, they argue is most appropriate to current monetary and financial regimes.

In the light of these kinds of studies and for reasons of comparative ease in discovering, we rely on the Bank of England's own usage. Although there have been complex analyses of the concept that related it to, or distinguished it from, or equated it with the inflation tax, or to its impact on the budget deficit (see, for example, Owen Covick and Kevin Davis 1990) we think it helpful to approach it in the sense in which it has tended to be used in money, banking and finance or in economics texts. So, for example, Pierre Siklos writes that when more money is created there is an, "increase in seigniorage, which is the government's profit from issuing money".[34] And further that, "establishing central banks enabled governments to monopolise the issue of currency and thus extract additional reserves for themselves in the form of seigniorage".[35] Jeffrey Sachs and Felipe Larrain do draw the distinction between the inflation tax and seigniorage. The inflation tax relates to the capital losses suffered by money holders, while, "seigniorage is the revenue collected by the government as a result of its monopoly power to print money". In certain conditions they could be equal.[36]

The difficulties are not all removed at a stroke. This is clear from a comparison of the results that come from some studies. Sachs and Larrain using an IMF source give a figure for the UK for seigniorage in the period 1975-1985 of 1.9 percent of GDP (the US was 1.1 percent). Using a similar approach for a slightly different period, 2013-2019, Polanski and Szadkowski give a figure for the UK of 0.06 percent of GDP (for the US 0.2 percent). Sachs and Larrain's figure for the UK is roughly thirty times that of Polanski and Szadkowski's. Even making allowances for the different kinds of periods these were that is still a remarkable

[30] Bank of England Annual Report and Accounts 2014, 44-45.

[31] Letter from Hume to Smith, April 1, 1776, in Ernest Campbell Mossner and Ian Simpson Ross (1987), 186.

[32] A range of the possibilities can be found in Buiter 2007 and White 1999.

[33] Polanski and Szadkowski 2021, 393.

[34] Siklos 1994, 30.

[35] Ibid., 483.

[36] Sachs and Larrain 1993, 339.

difference and the more so since they both appear to adopt a similar definition. Frederic Mishkin too provides some explanation. He describes seigniorage in the following way: "because central banks … do not have to pay interest on their currency, they earn revenue (seigniorage) by using the currency to purchase income-earning assets such as bonds".[37] This could be a description of the Issue Department. Mishkin goes on to say that for the US that amounted to about $30 billion per year in the 1990s, or about 0.3 percent of GDP. That figure is not far away from Polanski and Szadkowski's for about the same period.

Uses of the Issue Department

The Issue Department had been established primarily as a result of the desire for sound money and rested on the belief that the State should be responsible for this and could provide it via the gold standard.[38] Amongst other things there had been long-running complaints about the over-issue of notes by private banks. The 1844 Act laid down new rules. The note issue would be handled in its own department, separated from all other banking business. And that would be the only function of the department. Its balance sheet would be separate. It would have a fixed "fiduciary" note issue and could issue notes beyond that on a one-to-one basis with gold. Notes and gold made up its balance sheet.

We have noted a number of relatively minor changes to its balance sheet between 1844 and the twentieth century. But the biggest took place in the 1930s. Whatever the Committee on Finance and Industry (hereafter "the Macmillan Committee" after its chairman) reported in June 1931 was redundant in relation to the Issue Department just a matter of months later. Britain left the gold standard in the following September. Prior to that the Issue Department had been responsible for buying and selling gold to keep to the "rules" of the gold standard. After leaving the gold standard the pound fell sharply but was followed by oscillation in what became a managed float. The Issue Department attempted to smooth the fluctuations but it lacked the resources to do that on any scale. And besides, the Weekly Return published by the Bank would have allowed speculators to make good guesses about the Bank's activities. Some new way of managing the exchange rate seemed to be called for. The Treasury had run an exchange account since 1914, but it was small. So it was decided to establish a new fund, the Exchange Equalisation Account (EEA), to manage the "floating" pound. It would be controlled by the Treasury but operated by the Bank.

The EEA was established with £150 million from the government's main bank account, the Consolidated Fund, and invested in Treasury Bills. In addition the assets of the Treasury's exchange account (£21 million) were transferred to it. The EEA began operations on July 1, 1932. It was not endowed with any gold or foreign currency and therefore was not in a position to deal with speculation against sterling until it had acquired gold. But that was not the immediate need. If needed at a later date, "gold held by the Issue Department could be sold to the EEA as a special transaction".[39] Large amounts of gold were acquired in 1936 from France following the political upheavals there and the support for the French franc that the Bank of England had provided. By the end of 1936 the EEA and the Issue Department together held £825 million in gold of which the EEA had some £500 million, half of this from the French operations. After that, it was fear of war that drove currency and gold flows and the EEA began losing gold. As that continued, in January 1939, "£350m of gold was *transferred* from the Issue Department to the EEA" (italics added), with the Issue Department receiving government securities in exchange.[40]

[37] Mishkin 2004, 494.

[38] For the interesting story of all the parties involved in the decade and a half leading up to the Issue Department's establishment see Clapham 1944, 170-185.

[39] *Bank of England Quarterly Bulletin* 1968, 379.

[40] Ibid., 382.

The EEA's balance sheet grew quickly from the initial £175 million to £635 million in 1937. The operations on this scale were extra work for the Bank and of course the Bank benefited from management fees charged to the Treasury, but the EEA was the Treasury's and profits from the EEA clearly belonged to the Treasury.

There were some occasions when the Issue Department was called upon to do something quite different. In 1971 for instance, under pressure from government, the Issue Department made advances to the Clyde Port Authority (£2.9 million) and the Forth Port Authority (£0.5 million). But these were small operations. However, in the early 1970s one of Britain's largest companies, Burmah Oil, got into financial difficulties, a consequence of over-rapid expansion coinciding with changing international conditions. For the Bank to be involved was extremely unusual given the scale of the problem. The sums involved were in the hundreds of millions of pounds. The Bank provided guarantees on Burmah's loans and also offered standby facilities. The company was regarded as "too big to fail" from a financial point of view, with consequences for sterling and financial stability if it were to collapse. There were various interlocking agreements and guarantees which rested on the value of Burmah's holding of shares in BP, but the economic climate meant that the BP share price had fallen by more than half (to 200p) in December 1974. Over Christmas the government and the Bank discussed the terms of a rescue operation, with the Deputy Governor, Jasper Hollom, leading for the Bank. One key element in the plans was the use of the Issue Department, either to subscribe to new Burmah stock, or to purchase the BP shares. The government did not want to be seen to be directly involved, and the Banking Department was too small to bear this risk. Therefore, in January 1975 the Bank bought 77,817,507 BP shares at price of 230p. The stock, with a value of £179 million, was held in the Issue Department: at that time its total assets were £5 billion. The purchase of the BP shares did not go down well with Burmah shareholders who saw it as unfair, particularly given that by July 1976 the shares had increased in value to £465 million. Legal action against the Bank was commenced and this dragged on until July 1981 with the Burmah shareholders losing their case and having to pay substantial costs. After that, the BP shares were transferred from the Issue Department to the Treasury, by which time they were valued at £1.033 million.[41]

The Issue Department had a role to play in the Bank's debt-management operations. William Allen dates the Bank's discretionary operations in the secondary market as starting in 1928 with the additional resources which it had after that.[42] When the Bank of England was granted operational independence in 1997 it lost two of its important functions. One was banking supervision that was transferred to a separate institution named the Financial Services Authority (FSA). The other was the management of the government's debt. That function was taken over by a new agency, the Debt Management Office (DMO) situated in the Treasury. According to the most recent official history of the Bank, the creation of the DMO "took away one of the central pillars of the Bank's older approach to monetary management, its strategic advice on the funding strategy, but also its day-to-day dealing operations in the gilt markets".[43]

So when the debt management function was transferred to the DMO what happened to the Issue Department? The answer appears to be nothing. The bulk of the government debt that the Bank managed was not held in the Issue Department but the Department was said to be important for the management of the national debt. However, there were no changes in the Issue Department's balance sheet.[44] There was some debate at the time with some arguing

[41] For a full account see Capie 2010, 791-801.

[42] Allen 2019.

[43] James 2020, 419.

[44] The great bulk of government debt was held in a separate account and did not of course appear on the Bank's balance sheet.

that removal of debt management from the Bank would affect the operation of monetary policy adversely. Others thought not. Was part of this difference of opinion that the scale of the debt under management mattered? In the immediate postwar years the debt/national income ratio was over 200 percent. That declined steadily such that by the mid-1960s it was around 100 percent and by the mid-1990s it was down to around 50 percent. More important than scale however, was that there had been changes in the approach to government "funding". These were such that by the mid-1990s the Debt Management Review concluded that, "debt management and monetary policy had become more clearly separate activities", and that "debt management is not a major tool of monetary policy; nor is monetary policy the main objective of debt management".[45]

And yet, the Bank in the mid-1990s did not seem so sure. In a Central Banking Handbook they said that the goals of debt management were, "Raising finance from the non-government sector in order to cover the government's borrowing needs, while minimising the cost of debt service …".[46] And later, "Government financing policy is fundamentally linked to monetary policy".[47]

The Issue Department has on occasion been likened to a currency board. Goodhart's analysis, drawing on Frank Whitson Fetter, of the 1844 Act states that Prime Minister Sir Robert Peel presented his Cabinet with three options: do nothing; establish an independent currency board in line with Ricardo's plan; divide the Bank into two with "the Issue Department being, in effect, a Currency Board", and a separate Banking Department. Goodhart goes on to argue that it seems nobody at the time realised:

> … the crucial difference between having an independent Currency Board and imbedding the Issue Department within the Bank. This was that the cash reserves of the whole British banking system would continue to be centralised in the Bank of England under the Bank Charter Act of 1844, whereas they would have been (much more likely) dissipated more widely amongst the individual banks, including the Bank of England, under an independent Currency Board.[48]

A currency board issues domestic currency at a fixed rate with another currency—the anchor-currency. The board's currency is backed one-for-one with the anchor currency. In that sense it mimics a metallic standard such as the gold standard. From 1844 when the Issue Department was established and the gold standard was redefined, the department did just that. There was a small fiduciary issue and all other notes were backed one-for-one with gold. But after Britain left the gold standard in 1931 gold was no longer the backing. It was instead government securities. And similarly after the link with the US dollar was broken in 1971-1973, and hence indirectly with gold that applied again. Since securities can be issued in varying quantities and prices there is no longer a serious anchor. The Issue Department surely no longer resembles a currency board.

The Purpose of the Division between Banking and Issue

Everyman's *Dictionary of Economics* wrote that, "almost the whole of the note issue is now 'fiduciary', backed by government securities. … This large holding of government securities in the Issue Department is important for the Bank's management of the National Debt and

[45] Quoted in Goodhart 1998, 63.
[46] Gray 1996, 5.
[47] Ibid., 14.
[48] Goodhart 2018, 5; Fetter 1978, chapter IV.

monetary policy".[49] (We have just noted the discussion over that proposition.) And yet concluded that, "The division (of the Bank in this way) is now of little practical importance".[50] But questions over the division had kept arising.

In 1930 the Macmillan Committee considered the question, although seemed not to consider it of great significance. "Issue department" does not appear in the extensive index to the report. And when they did turn to the question they wrote, "We now turn to the secondary question whether the existing separation between the Issue Department and the Banking Department of the Bank of England should be continued".[51] During the taking of evidence the Governor, Montagu Norman, was asked whether the range of policy actions for the Bank would be increased by an amalgamation of the two Departments which would increase the size of reserves against liabilities: Norman thought not.[52] In later evidence, the Deputy Governor, Ernest Harvey, was questioned further. He stated that the separation had the advantage of following tradition and that the Bank, "would certainly not favour amalgamation unless it could be shown that there were manifest advantages".[53] The Committee was evidently not entirely convinced and its June 1931 report found that, "This peculiar provision arose out of long-dead controversies which we need not revive; for the reasons which originally led to the separation of the departments have no interest or relevance today".[54] The only reason for continuing the arrangement was because the separation had provided a convenient formula for dividing profits between the Bank and the Treasury: "This division might of course have been made in a different way and is so made in other countries".[55]

The Committee was, of course, taking evidence and reporting when Britain was still on the gold standard. And it recommended that since the fiduciary issue was fixed and the balance determined on a one-to-one basis with gold that instead of the profits from the earning assets in the Issue Department going to the Treasury, a fixed fee would be more straightforward. The Committee therefore recommended that the form of the weekly return should be amended so that the two departments were amalgamated and there was a consolidated Bank return.[56]

The recommendations came to nothing. When asked in the House of Commons about possible changes to the note issue, Walter Elliot, the Financial Secretary to the Treasury, answered that it would require legislation—something the Bank always seemed keen to avoid—and that the Committee did not see it as urgent, and given current events (he was speaking on September 10, 1931) it would not be desirable to propose an alteration to the law.[57]

The matter resurfaced again during the enquiry into the working of the monetary system (hereafter "the Radcliffe Committee" after its chairman), which reported in 1959. At his first appearance before the Radcliffe Committee on July 11, 1957, the Bank Governor, Cameron Cobbold, was asked what had come of the Macmillan Committee's recommendation on amalgamation. Had it been considered and rejected? Cobbold said that some research would be required to answer this and chairman Lord Radcliffe asked that this be done.[58] The Bank's

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[49] Latest printing 2005 (of the 1975 edition): Seldon and Pennance 1975, 42.

[50] Ibid.

[51] Committee on Finance and Industry 1931, para. 330.

[52] 18th day of evidence, March 26, 1930. qn 3517.

[53] 46th day of evidence, July 25, 1930, qn. 8797.

[54] Committee on Finance and Industry 1931, para. 330.

[55] Ibid., para. 331.

[56] Ibid., para. 338.

[57] As related to the Committee on the Working of the Monetary System, Minutes of Evidence, July 26, 1957, qn. 748.

[58] Ibid., July 11, 1957, qns. 240-242.

Secretary was unable to find any records[59] which shed light on why no action was taken, and it also transpired that the Treasury's records had been destroyed in bombing during World War Two.[60] A briefing note was also produced by the Deputy Governor, Humphrey Mynors, which argued for no change. Indeed he was dismissive about the report of the Macmillan Committee: "What the Committee thought in 1931 is now completely irrelevant". Mynors now saw amalgamation of the departments as a threat to independence because it removed the separation between the profits of Banking and of Issue. He continued:

> We reach the paradox that a distinction which had now lost all its original meaning had acquired a meaning that is rather important; and for which it is difficult to find a substitute, short of moving to some formula for the disposal of total profits such as is used in say Canada. By this time, we are probably outside the Committee's terms of reference.[61]

At a return appearance before the Committee a few weeks later, Cobbold stated:

> The assets of the two Departments are managed on different principles: their profits although all within the public sphere, are ascertained and disposed of in different ways and amalgamation would raise general questions of the constitutional position of the Bank. In the Bank's view, the existing position (as it has stood since 1946) does not impede their power to execute their public functions and meets with general public approval.[62]

When pressed as to whether he saw any advantage in adopting the Macmillan recommendation, Cobbold replied that he had discussed this very fully with colleagues and "… we all feel pretty strongly that we should see strong disadvantages to it".[63] The Radcliffe Committee was clearly persuaded by this. Its final report noted that the central principles of the 1844 Act had been discarded because the note issue was completely detached from the gold reserve.

> The Bank Return no longer performs its intended function of proving to the public that the Bank of England is behaving itself according to accepted principle. Nevertheless—and in spite of a contrary recommendation by the Macmillan Committee in 1931—the Bank clings to the ancient form.[64]

However, the Radcliffe Committee went on to accept that the system "… has proved a convenient one, however strange its genesis", and the Committee had no objection to it continuing.[65]

The question was raised yet again in the late 1960s, by the Select Committee on Nationalised Industries. In evidence taken in 1969, and echoing the question to his predecessor, the Governor, Leslie O'Brien, was asked about the Macmillan Committee's

[59] For similar losses of records see Capie 2018.

[60] File note to Humphrey Mynors (Deputy Governor), July 23, 1957; note taken by Governor as background for evidence, July 25, 1957, BoE C40/908.

[61] Mynors, "Comments on suggestion for revision of Bank Return", July 15, 1957, BoE, C40/908.

[62] Committee on the Working of the Monetary System 1959, Minutes of Evidence, July 26, 1957, qn. 748.

[63] Ibid., qn. 749.

[64] Committee on the Working of the Monetary System 1959, para. 367.

[65] Ibid.

recommendation on amalgamation and whether the Bank still resisted the idea. O'Brien replied that the Bank's view was unchanged: "I see no inconvenience in keeping them separate. Indeed it is desirable that they should be kept separate".[66] He did concede that the reasons for the separation had changed, but that it was now important to keep the profits of the two Departments entirely separate. Asked whether he would advise such a split to any new central bank, O'Brien was non-committal, arguing that it would depend on local circumstances, which varied a lot.[67]

Ahead of a possible recommendation by the Select Committee, George Blunden, who at that time was a Deputy Chief Cashier, produced a note examining the possibility of merging the two departments. Overall, he was in favour:

> After nationalisation, even the need for an alternative formula would have disappeared had the existing level of Banking Department dividends not been preserved in section 1(4) of the 1946 Act. If the change now contemplated [this probably refers to a suggestion about sharing of profits] takes place this last impediment to merging would be removed.[68]

The Select Committee appears to have been convinced by O'Brien's defence of the split because its report, published in May 1970, noted that the division "… ensures that all the profits that belong to the Government arising out of the Issue Department operations are clearly identifiable".[69] Following this, the question does not appear to have been raised again.

Despite the Bank's defence of the Banking and Issue Department separation over the years, it does not appear to have been an arrangement that was widely adopted elsewhere, certainly not in Europe or North America. However, a similar split can be found in some central banks in Asia and Africa, for example, the Reserve Bank of India, and the Bank of Ghana. This is not surprising given that the Bank played a leading role in the creation of some of these institutions. An internal note about the Bank of Ghana stated:

> The reason for having a separate Issue Department (as provided in Section 6 [of the Bank of Ghana Ordinance]) is to enable the currency activity to be kept separate and distinct from the other activities of the Bank. This means that the currency and its backing are clearly identified: and that the income from the backing and the expenses of management are more readily distinguishable.[70]

This, written in 1958, and so contemporaneous with Radcliffe's gathering of evidence, was very much the Bank's standard line.

Conclusion

This article has set out to show why the Issue Department came into being and what its business was after that. It had a simple objective—note issue. However, as we have seen, it was used on occasions to provide other services. Its profits in the nineteenth century were

[66] Minutes of evidence taken before the Select Committee on Nationalised Industries (Sub-Committee B), Session 1968-69, qn. 1006.

[67] Ibid., qns. 1007-8.

[68] George Blunden, file note, May 14, 1970, BoE ADM6/208.

[69] Select Committee on Nationalised Industries 1970, para. 220.

[70] John Loynes to Arthur Ryan, "Ghana", May 13, 1958, BoE OV69/8. Interestingly, Australia followed a different path with note issue initially under the control of the Treasury and then in 1920 passing to a Notes Board. According to Lyndhurst Giblin (1951) it had no clear idea of purpose and there was a lack of co-operation between the Bank and the Treasury. (See also Carl Schedvin 1992.)

relatively small and continued to be shared by the Bank and its shareholders. After 1929, that changed. In the twentieth century, but particularly after 1930 following the abandonment of a metallic standard, its profits soared.

However, the key question remains: if it was seen as necessary in the 1830s to bring the Issue Department about, what was it that had changed in the 1930s and again in the 1950s? We would incline to the argument that the main reason for keeping it in place was to maintain a clear division between profits from the two separate activities, and this remains the case 180 years later.

Acknowledgements

The authors would like to thank the editors for their advice, and we also acknowledge the comments of two anonymous referees for their comments and suggestions. Any views expressed are solely those of the authors and so cannot be taken to represent those of the Bank of England or to state Bank of England policy.

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Appendix

Table A1

Bank of England Issue Department, Profits, 1845-1912, £m.

Year	Passed to HM Treasury	Retained by the Bank	Profits
1845	0.180	0.049	0.229
1846	0.180	0.092	0.272
1847	0.180	0.117	0.297
1848	0.180	0.099	0.279
1849	0.180	0.134	0.314
1850	0.180	0.098	0.278
1851	0.180	0.104	0.284
1852	0.180	0.108	0.288
1853	0.180	0.045	0.225
1854	0.180	0.127	0.307
1855	0.180	0.088	0.268
1856	0.180	0.099	0.279
1857	0.180	0.100	0.280
1858	0.180	0.129	0.309
1859	0.180	0.128	0.308
1860	0.180	0.106	0.286
1861	0.180	0.086	0.266
1862	0.180	0.107	0.287
1863	0.180	0.105	0.285
1864	0.180	0.091	0.271
1865	0.180	0.093	0.273
1866	0.180	0.101	0.281
1867	0.180	0.084	0.264
1868	0.180	0.085	0.265
1869	0.180	0.090	0.270
1870	0.180	0.080	0.260
1871	0.180	0.089	0.269
1872	0.180	0.099	0.279
1873	0.199	0.100	0.299
1874	0.199	0.084	0.282
1875	0.199	0.108	0.306
1876	0.199	0.097	0.296
1877	0.199	0.105	0.303
1878	0.199	0.101	0.300
1879	0.199	0.080	0.279
1880	0.199	0.104	0.302
1881	0.199	0.088	0.286
1882	0.212	0.114	0.326
1883	0.214	0.100	0.314
1884	0.214	0.101	0.315
1885	0.214	0.095	0.309
1886	0.214	0.085	0.299

Year	Passed to HM Treasury	Retained by the Bank	Profits
1887	0.214	0.085	0.299
1888	0.215	0.088	0.304
1889	0.225	0.089	0.314
1890	0.222	0.096	0.318
1891	0.226	0.107	0.333
1892	0.228	0.090	0.318
1893	0.228	0.081	0.309
1894	0.228	0.090	0.318
1895	0.235	0.077	0.311
1896	0.235	0.075	0.310
1897	0.235	0.093	0.328
1898	0.235	0.080	0.315
1899	0.235	0.082	0.317
1900	0.236	0.068	0.304
1901	0.253	0.082	0.335
1902	0.253	0.066	0.319
1903	0.256	0.051	0.307
1904	0.247	0.066	0.312
1905	0.247	0.080	0.327
1906	0.247	0.065	0.311
1907	0.247	0.096	0.343
1908	0.247	0.125	0.372
1909	0.247	0.066	0.313
1910	0.247	0.085	0.332
1911	0.247	0.096	0.343
1912	0.247	0.113	0.360
1913	0.247	0.347	0.594
1914	0.247	0.351	0.598
1915	0.247	0.361	0.608
1916	0.247	0.502	0.749
1917	0.247	0.463	0.710
1918	0.247	0.548	0.795
1919	0.247	0.421	0.668
1920	0.247	0.378	0.625
1921	0.247	0.510	0.757
1922	0.247	0.439	0.686
1923	0.247	0.438	0.685
1924	0.267	0.490	0.757
1925	0.266	0.505	0.771
1926	0.266	0.499	0.765
1927	0.266	0.503	0.769
1928	0.266	0.485	0.751
1929	0.133	0.301	0.434

Note: 1913-29 profits and Bank retention estimated.
Data sources: Bank of England, half-yearly accounts, BoE ADM19.

Table A2

Bank of England Issue Department, Profits, 1930-2022, £m.

Year	Profits	Year	Profits	Year	Profits
1930	1.270	1961	38.597	1992	1,874.7
1931	4.287	1962	69.597	1993	1,555.5
1932	3.415	1963	47.676	1994	1,117.0
1933	6.922	1964	49.762	1995	967.2
1934	3.187	1965	70.135	1996	1,294.4
1935	1.226	1966	39.579	1997	1,218.3
1936	1.448	1967	85.522	1998	1,528.0
1937	0.985	1968	93.972	1999	1,705.0
1938	0.000	1969	40.616	2000	1,317.0
1939	0.000	1970	104.342	2001	1,584.0
1940	5.827	1971	145.3	2002	1,410.0
1941	8.708	1972	169.7	2003	1,239.0
1942	7.454	1973	204.2	2004	1,234.0
1943	8.961	1974	371.1	2005	1,618.0
1944	9.618	1975	700.1	2006	1,698.0
1945	16.396	1976	582.7	2007	1,653.0
1946	14.337	1977	914.1	2008	2,327.0
1947	8.895	1978	463.7	2009	2,188.0
1948	7.830	1979	727.5	2010	491.0
1949	14.648	1980	1,328.5	2011	475.0
1950	5.400	1981	1,739.9	2012	891.0
1951	12.085	1982	1,347.3	2013	517.0
1952	13.170	1983	1,129.9	2014	443.0
1953	21.046	1984	1,198.0	2015	506.0
1954	19.311	1985	1,089.8	2016	462.0
1955	26.883	1986	1,396.8	2017	432.0
1956	26.535	1987	1,362.9	2018	196.0
1957	36.555	1988	1,390.8	2019	442.0
1958	35.305	1989	1,367.8	2020	555.0
1959	41.151	1990	1,905.2	2021	62.0
1960	30.419	1991	2,545.8	2022	93.0

Data sources: 1930-69, Bank of England, half-yearly accounts, BoE ADM19; 1970-2022, Bank of England Annual Report and Accounts.

Table A3

Costs of Bank Note Production, 1946-2022, £m.

Year ending February	Cost of Note Production	Cost of Issue, Custody etc.	Other Expenses	Total
1946	0.547	0.330	0.011	0.888
1947	0.509	0.456	0.007	0.971
1948	0.777	0.501	0.007	1.285
1949	0.827	0.559	0.015	1.402
1950	1.131	0.562	0.061	1.754
1951	1.000	0.601	0.044	1.645
1952	1.309	0.605	0.044	1.958
1953	1.627	0.753	0.034	2.414
1954	1.516	0.745	0.036	2.297
1955	1.394	0.770	0.051	2.215
1956	1.611	0.880	0.083	2.573
1957	1.879	0.921	0.053	2.853
1958	2.399	0.900	0.068	3.367
1959	2.393	1.048	0.085	3.527
1960	2.399	1.143	0.106	3.648
1961	2.449	1.230	0.080	3.760
1962	2.549	1.531	0.118	4.198
1963	2.598	1.532	0.183	4.313
1964	2.723	1.613	0.122	4.458
1965	3.051	1.744	0.111	4.905
1966	3.341	1.862	0.128	5.332
1967	3.415	1.944	0.129	5.489
1968	3.125	1.961	0.181	5.266
1969	3.740	2.135	0.171	6.046
1970	4.076	2.243	0.254	6.573
1971	4.171	2.707	0.23	7.108
1972	4.759	3.372	0.167	8.298
1973	6.059	3.336	0.131	9.526
1974	7.265	3.789	0.172	11.226
1975	9.083	5.518	0.111	14.712
1976	10.648	5.948	0.013	16.609
1977	13.062	7.432	0	20.494
1978	15.192	7.935	0	23.127
1979	16.47	7.547	0	24.017
1980	19.785	8.822	0.943	29.55
1981	26.355	13.088	1.03	40.473
1982	28.068	13.251	1.177	42.496
1983	29.51	11.991	1.049	42.55
1984	30.068	12.185	2.851	45.104

Year ending February	Cost of Note Production	Cost of Issue, Custody etc.	Other Expenses	Total
1985	31.479	12.997	2.952	47.428
1986	29.498	15.199	3.744	48.441
1987	30.685	14.623	3.162	48.47
1988	33.732	14.188	2.314	50.234
1989	32.993	12.78	1.553	47.326
1990	37.228	13.864	2.678	53.77
1991	37.96	16.135	3.049	57.144
1992	41.605	17.343	2.971	61.919
1993	38.8	19.4	3	61.2
1994	38.8	20.7	2.9	62.4
1995	37.7	20.7	2.8	61.2
1996	32.6	19.2	3.6	55.4
1997	38.8	20.1	3.3	62.2
1998	31	19	3	53
1999	35	20	4	59
2000	41	18	7	66
2001	33	13	5	51
2002	31	14	4	49
2003	35	10	4	49
2004	31	13	3	47
2005	31	12	2	45
2006	28	14	3	45
2007	36	17	4	57
2008	23	17	4	44
2009	48	24	7	79
2010	38	26	8	72
2011	40	23	9	72
2012	36	26	9	71
2013	40	27	8	75
2014	36	25	9	70
2015	33	27	10	70
2016	43	27	10	80
2017	66	29	11	106
2018	90	31	11	132
2019	79	25	12	116
2020	78	31	8	117
2021	78	30	10	118
2022	51	24	10	85

Data sources: 1946-69, Bank of England, half-yearly accounts, BoE ADM19; 1970-2022, Bank of England Annual Report and Accounts.

Table A4

Issue Department Balance Sheet, 1844-2006, £m.

Date	Assets				Liabilities		
	Total Coin and Bullion	Total Government Securities	Other Securities	Total Assets	Notes in Circulation	Notes Held in the Banking Department	Total Liabilities
7 Sept. 1844	14.4	11.0	3.0	28.4	20.2	8.2	28.4
23 Feb. 1850	16.3	11.0	3.0	30.3	18.9	11.4	30.3
29 Feb. 1860	14.5	11.0	3.5	29.0	20.6	8.3	29.0
23 Feb. 1870	18.9	11.0	4.0	33.9	22.3	11.6	33.9
25 Feb. 1880	27.1	11.0	4.0	42.1	26.3	15.8	42.1
26 Feb. 1890	22.4	11.0	5.4	38.9	23.1	15.8	38.9
28 Feb. 1900	34.2	11.0	5.8	51.0	28.4	22.6	51.0
23 Feb. 1910	35.5	11.0	7.4	53.9	27.7	26.2	53.9
25 Feb. 1920	109.7	11.0	7.4	128.2	96.5	31.6	128.2
26 Feb. 1930	155.8	244.6	10.9	411.3	346.8	64.5	411.3
28 Feb. 1940	0.7	574.4	5.1	580.2	531.2	49.0	580.2
22 Feb. 1950	0.4	1,299.3	0.7	1,300.4	1,247.2	53.2	1,300.4
24 Feb. 1960	2.4	2,147.2	0.8	2,150.4	2,111.9	38.4	2,150.4
25 Feb. 1970	0.7	3,212.8	36.9	3,250.4	3,235.4	15.0	3,250.4
27 Feb. 1980	0.0	7,464.9	2,260.1	9,725.0	9,696.7	28.3	9,725.0
28 Feb. 1990	0.0	10,020.5	5,009.5	15,030.0	15,020.9	9.1	15,030.0
23 Feb. 2000	0.0	4,673.0	20,407.0	25,080.0	25,068.0	12.0	25,080.0
17 May 2006	0.0	13,370.0	24,140.0	37,510.0	37,507.0	3.0	37,510.0

Data source: derived from weekly data at Bank of England “The Bank of England’s Balance Sheet”.