



HM Treasury

Recommendations for the Financial Policy Committee: April 2022

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Presented to Parliament pursuant to section 9E(5) of the Bank of England Act 1998



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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

7 April 2022

Governor of the Bank of England
Bank of England
Threadneedle Street
London
EC2R 8AH

Dear Andrew,

RECOMMENDATIONS FOR THE FINANCIAL POLICY COMMITTEE

In accordance with section 9E of the Bank of England Act 1998 (the Act), this letter contains recommendations to the Committee about the responsibilities of the Committee in relation to:

- the achievement of the Bank of England's Financial Stability Objective;
- support for the government's economic policy.

It should be read in conjunction with the 2021 remit and recommendations letter dated 3 March 2021 as the recommendations in this letter are intended to supplement rather than replace the recommendations made in the 2021 letter. This letter will also be presented to Parliament pursuant to section 9E(5) of the Act.

The 2021 remit and recommendations letter set out my recommendations that the Committee should continue to act with a view to building the resilience of the UK financial system to the risks from climate change and support the government's ambition of a greener industry, using innovation and finance to protect our environment and tackle climate change. I welcome the work that the Committee has done to date on this issue, including the launch of the climate change focused Biennial Exploratory Scenario (CBES) exercise by the FPC and Prudential Regulation Committee.

The Prime Minister recently set out the government's energy security strategy. Oil and gas currently provide three quarters of our energy, and around half of our demand for gas is met

through domestic supplies. To reduce our reliance on imported fossil fuels, UK sources of oil and gas have a critical role, both to keep our economy supplied and in supporting the transition to net zero. The Government is taking a balanced approach: committed to accelerated investment in low- and zero carbon technologies, while supporting our strong and evolving UK hydrocarbon industry. Where practical and relevant, the Committee should have regard to the Government's energy security strategy and the important role that the financial system will play in supporting the UK's energy security - including through investment in transitional hydrocarbons like gas - as part of the UK's pathway to net zero.

I thank the Committee for its continued efforts and dedication.

Best wishes,

A handwritten signature in blue ink, appearing to read 'Rishi Sunak', with a stylized flourish at the end.

RISHI SUNAK