



HM Treasury

Bank of England Bill:

technical consultation

July 2015



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1 Introduction

1.1 The government is committed to achieving strong, sustainable and balanced growth that is more evenly shared across the country and between industries. The Bank of England is tasked with delivering monetary and financial stability, and therefore plays a critical role in maintaining the stable macroeconomic conditions that are a prerequisite for delivering against the government's overarching economic goal.

1.2 Through the Financial Services Act 2012 ('the Act'), the government fundamentally reformed the UK's system of financial regulation, replacing the failed 'tripartite' system with a set of regulators with clear responsibilities and objectives. The reforms put the Bank of England ('the Bank') at the centre of the new system, giving it significant new responsibilities and the powers it needs to deliver its financial stability mandate.

1.3 The government and the Bank are committed to building on the success of these reforms and ensuring that the Bank is on the best possible footing to oversee its expanded remit. To this end, a new Bank of England Bill (the 'Bill') was announced alongside the Queen's Speech on 27 May 2015. This technical consultation document sets out the evolutionary reforms that the government intends to bring forward in the Bill, and seeks input from interested parties on how these reforms should be implemented.

1.4 The reforms that will be implemented by the Bill are complementary to the Bank's 'One Mission, One Bank' strategic plan, and build on the blueprint for reform that the Bank published in December 2014 in its document entitled *Transparency and Accountability at the Bank of England*.¹ This highlighted the importance of a transparent, accountable, and well governed central bank for effective policy and democratic legitimacy, and proposed a number of measures to ensure the Bank remains at the forefront of international best practice.

1.5 The Bill will also bring forward a set of measures to ensure that the UK's resolution framework fully reflects recent developments in resolution policy, and to strengthen coordination between the Bank (as the UK's resolution authority) and the Treasury when planning for firm failure.

1.6 In summary, the Bill will bring forward the following reforms:

- maximise the synergies of having monetary policy, macro-prudential policy and micro-prudential policy under the aegis of one institution by bringing the Prudential Regulation Authority ('PRA') within the Bank, ending its status as a subsidiary, and creating a new committee of the Bank to be known as the Prudential Regulation Committee ('PRC').
- update resolution planning and crisis management arrangements between the Treasury and the Bank to reflect recent improvements to resolution planning for systemic financial institutions, and crisis management for institutions in distress. This includes a strengthened requirement for the Bank to provide the Treasury with information on risks to public funds, so that the system can better protect taxpayers and the wider economy from bank failures;

¹ <http://www.bankofengland.co.uk/publications/Documents/news/2014/warshresponse.pdf>

- improve the governance of the Bank by making its Court of Directors ('the Court') a smaller, more focused unitary board; and including the new Deputy Governor position for Markets and Banking in legislation;
- implement recommendations from the Warsh review² including moving the MPC to a schedule of eight meetings a year;
- adjust the statutory basis of the Financial Policy Committee (FPC) from a sub-committee of the Court to a committee of the Bank, in line with the MPC and the new PRC; and
- bring the Bank within the purview of the National Audit Office, improving transparency and accountability for its use of resources.

1.7 Taken together, these changes will further strengthen the Bank's governance, transparency and accountability, enhance the ability of the Bank to discharge its macroprudential, micro-prudential, and monetary policy responsibilities in a coordinated way, and ensure that the UK's crisis management arrangements keep pace with developments in resolution policy.

² <http://www.bankofengland.co.uk/publications/Documents/news/2014/warsh.pdf>

Strengthening the regulatory architecture

2

2.1 Through the Act, the government has placed the Bank at the centre of the reformed regulatory architecture. The Bank has responsibility for macro-prudential regulation through the establishment of the FPC, which has a key role in safeguarding the UK's financial stability by identifying, monitoring, and taking action to address systemic risks to the UK financial system. The government also established the PRA as a subsidiary of the Bank, with specific responsibility for ensuring effective micro-prudential regulation of all deposit takers, insurers, and large investment firms. In addition, the Financial Conduct Authority ('FCA') was set up to regulate the conduct of firms in the financial sector so as to support statutory objectives on consumer protection, market integrity, and competition.

2.2 These reforms have successfully addressed the failures of financial regulation revealed by the financial crisis. The Financial Stability Board ('FSB') has commended the UK for its successful transition to a new regulatory structure and supervisory approach;¹ and the International Monetary Fund has commented that the new financial regulatory architecture is helping to build a more resilient financial system.²

2.3 The Bank has played a central role in the successful implementation of these reforms. The PRA has embedded a forward looking, judgement based approach to supervision, and the FPC is at the forefront of global macroprudential policymaking. In the last Parliament, the FPC and PRA worked together to rebuild the resilience of the banking sector.

2.4 The Bill will build on this success. Two years into the operation of the new system, it has been possible to identify opportunities to further simplify and strengthen the governance of the Bank and the PRA. In particular, there is scope to go further to maximise the synergies between micro-prudential supervision and macro-prudential policy.

2.5 As the Governor has said, "Our strategy will be to conduct supervision as an integrated part of the central bank and not as a standalone supervisory agency that happens to be in the central bank".³ The government supports this integrated approach to prudential policy and believes that it should be reflected in the institutional structure of the Bank.

2.6 Therefore, through the Bill, the government intends to end the PRA's status as a subsidiary and fully integrate the PRA into the Bank, while recognising the PRA's operational independence, in line with the Basel Core Principles on Supervision. This will continue the process of building a unified institution that can better share knowledge, expertise, and analysis. To implement this change, the PRA's functions will be transferred to the Bank itself, and a new Prudential Regulation Committee ('PRC') will be established within the Bank with responsibility for exercising them.

2.7 The new PRC will entirely retain its independence in making rules, policies and supervisory decisions. The statutory objectives of the PRA, which underpin its forward looking, judgement based approach to supervision, will remain unchanged. The new arrangements will reinforce the accountability of the PRC and the Chief Executive Officer for the Bank's prudential regulation

¹ Peer Review of the United Kingdom, 2013: http://www.financialstabilityboard.org/wp-content/uploads/r_130910.pdf

² IMF, Article IV consultation, 2014: <https://www.imf.org/external/pubs/ft/scr/2014/cr14233.pdf>

³ <http://www.bankofengland.co.uk/publications/Documents/speeches/2014/speech715.pdf>

functions, and updated reporting requirements will ensure supervision continues to operate with appropriate independence and adequate resources.

2.8 In addition, the Bank will be given a duty to publish a policy statement setting out the steps it has taken to ensure there is appropriate structural separation and independence between the Bank's resolution functions and its new prudential supervision functions, to prevent conflicts of interests, and as a requirement of EU law.

2.9 None of these changes will affect the strong and distinctive brand the PRA has built with industry and the public since it was established. The PRA name and brand will remain unchanged. Furthermore, the prudential regulation functions of the Bank will continue to be funded by the PRA levy, with the PRC responsible for consulting on and setting the level. A separate account will be prepared on the use of levy funds, alongside the information in the Bank's financial accounts.

2.10 The government plans to establish the PRC on the same basis as the MPC and, in line with the approach taken to the MPC and FPC, the Bill will provide for a new remit letter from the government to the PRC, to highlight those aspects of government economic policy that are most relevant to the PRC's duties. The commitment to a PRC remit letter was recently published in the Treasury's 2015 publication *Fixing the foundations: Creating a more prosperous nation*.⁴

2.11 Membership of the PRC will mirror the current PRA Board. The Deputy Governor for Prudential Regulation will continue to be the Chief Executive Officer, responsible within the Bank for its prudential regulation functions (with the exception of the supervision of financial market infrastructure), and be accountable to Parliament for the performance of those functions. In line with arrangements for the MPC and the FPC, in the future the Chancellor will appoint the external members of the new PRC, and will approve the appointment of internal members. The majority of members will continue to be independent.

Consultation question

Do you have any views on the government's proposals to end the PRA's status as a subsidiary and integrate it within the Bank, while retaining its independence in making rules, policies and supervisory decisions?

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

Protecting tax payers from

3 firm failure

3.1 The financial crisis exposed the inherent weaknesses in the 'tripartite' system of regulation in the UK. Arguably the most significant failing was that no single institution had responsibility, authority or powers to oversee the financial system as a whole. Before the crisis, the Bank had nominal responsibility for financial stability but lacked the tools to put this into effect; the Treasury, meanwhile, had no clear responsibility for dealing with a crisis that put billions of pounds of public funds at risk.

3.2 The government addressed this through the Act by setting out clear and separate roles for the Treasury and the Bank in managing bank failure and the associated risks to financial stability and the public finances:

- **The Bank has primary operational responsibility for financial crisis management.** It is the responsible authority for resolving UK banks (and certain other financial firms) under the special resolution regime ('SRR') in the event they run into difficulty. In particular, the SRR provides the Bank with a set of "stabilisation tools" for resolving failing banks.
- **The Chancellor and the Treasury have sole responsibility for any decision involving public funds.** In line with this responsibility, the Chancellor and the Treasury have certain tools that can be used as a last resort to stabilise a firm under extraordinary circumstances. These are additional recapitalising of a firm, and taking a firm into temporary public ownership.⁵

3.3 The Act sets out how the Bank and the Treasury should engage with each other in event of a financial stability risk that could result in firm failure. This included a responsibility on the Bank to notify the Treasury when there is a material risk to public funds (a Public Funds Notification). The specifics of how the Bank and the Treasury work together following such a notification is further detailed in a *Memorandum of Understanding on financial crisis management* ("the MoU").⁶

3.4 This division of responsibilities is working well. The Treasury and the Bank – with PRA and FCA involvement – have established strong working arrangements for coordinating where risks emerge to firms and financial stability, and ensuring adequate plans are in place to manage those risks in line with stated objectives.

3.5 Since the introduction of the Act, improvements to managing firm failure have continued to advance both domestically and internationally: the Bank Recovery and Resolution Directive ('BRRD') has established a common approach within the EU to the recovery and resolution of banks and investment firms, and in 2014 the FSB adopted additional guidance for effective resolution regimes, including relating to information sharing for resolution purposes.

⁵ The Bank Recovery and Resolution Directive requires that 8% of a bank's liabilities are used to absorb losses and recapitalise a failing bank before public funds can be used to absorb losses.

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210018/Memorandum_of_Understanding_on_Financial_Crisis_Management.pdf

3.6 The domestic reforms that the government has implemented since 2012 have significantly reduced the potential public funds risks associated with firm failure, and the UK authorities continue to work through the FSB to ensure that no bank is too big to fail.

3.7 Through the Bill and the updated MoU, the government will ensure the framework for managing resolution reflects the continued advances to best practice in managing firm failure, as well as the effective working practices employed by the Bank and the Treasury – along with the financial regulators – for protecting taxpayers and the wider economy. In particular, the proposals will set out clearly how the Treasury and the Bank identify and mitigate risks to public funds in financial crisis planning, in three crucial areas:

- development of resolution strategies;
- active contingency planning; and
- development of resolution policy.

3.8 Taken together, these measures stand to formalise the strong working relationship that exists between the Bank and the Treasury on resolution and crisis coordination, ensuring these arrangements are preserved in future to the benefit of UK taxpayers and the economy, and keeping the UK at the forefront of best practice for managing firm failure. They are also in line with the recommendations of the Treasury Select Committee's 2011 report entitled *Accountability of the Bank of England*, which highlighted the importance of the Bank and the Treasury engaging early public funds may be at risk from a possible financial crisis.⁷

Development of resolution strategies

3.9 Since the crisis, firms have been required to develop recovery plans and to provide the Bank, as resolution authority, with information that enables it to develop firm-specific resolution plans. Following the introduction of the BRRD, the Bank has the power to require firms to make changes to their legal structure or to remove other impediments to ensure their resolvability, in line with the Bank's preferred resolution strategy for the firm. The Act significantly sharpened the focus on resolution by giving the PRA an explicit mandate to consider firms' resolvability as a routine part of its supervision. Work on resolvability has an increasingly international focus as the Bank works with other regulators and resolution authorities, for example through the FSB and European resolution colleges, to agree robust cross-border resolution strategies for the largest, globally systemic, firms. The strategy sets out how the resolution tools will be used, and the potential impacts.

3.10 As resolution authority in the UK, the Bank is responsible for developing firm-specific resolution strategies. Under current working practices, the Bank provides information to the Treasury about any proposed strategy as it is being developed, so that potential risks to public funds can be identified. The Bill will formalise this arrangement, making explicit that the Bank will provide key information to the Treasury when firms' resolution strategies are developed or updated so that the government can assess the possible public funds risks in the event these strategies need to be implemented, including:

- the relevant firm's draft resolution strategy;
- an assessment of the potential public funds implications of the resolution strategy (including the need for potential delivery of indemnified Emergency Liquidity Assistance or other funding support);
- the Bank's assessment of the systemic importance of the firm; and

⁷ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmtreasy/874/874.pdf>

- on a proportionate basis, any other relevant information that is material for the Treasury's assessment of the risk to public funds.

3.11 The MoU will also be updated with provision to allow either the Bank or the Treasury to request official level meetings to review the public funds risks associated with the failure of a firm either in or outside of a crisis situation.

Active Contingency Planning

3.12 Where an event occurs that triggers active contingency planning for a firm, this event can give rise to the need to reconsider the previously agreed resolution plan for that firm in light of the new circumstances. In cases where the Bank has to consider revisions to the resolution strategy this could have different – possibly greater – public funds implications. The Bank and the Treasury therefore maintain open communication channels when a significant risk of firm failure emerges, and the Bank keeps the Treasury updated on the extent of that risk along with the need for changes to a firm's resolution strategy.

3.13 To support this work, the Bill will make enhancements to the current Public Funds Notification ('PFN') arrangements as set out in the Act and the MoU. The enhancements will establish that the Bank will provide updated relevant and material information so that the government can assess the possible public funds risks associated with the failure of a firm. This will ensure that the Treasury and the Bank open communication channels as early as possible when new risks emerge. As with the PFN, the MoU will set out how the two institutions will coordinate with one another under these new arrangements until the risk has passed.

3.14 The Bill will also provide the Treasury with a power to request specific regulatory information supporting the Bank's assessment of the public funds risks associated with the failure of a firm.

Development of resolution policy

3.15 Following the global financial crisis, there has been an increased international recognition of the importance of developing and implementing coordinated policies to maintain financial stability. The Bank is playing a leading role in this agenda, including through its engagement with the FSB.

3.16 Resolution policy decisions aim, among other things, to reduce risks to public funds in the longer term, and the Treasury and the Bank therefore work closely together to ensure that public funds considerations are factored into policy development.

3.17 In light of the increased focus on resolution policy, the MoU will therefore be updated to reflect this practice. It will include an agreement that the Bank will provide drafts of any document, statement or other announcement which it proposes to publish in relation to 'resolution policy' to the Treasury at least 14 days in advance of the proposed publication date (save in exceptional circumstances). This will allow the Treasury to consider any possible longer term public funds implications associated with the Bank's proposed policy position.

Consultation question

Do you have comments on the government's proposals to further strengthen the framework for resolution policy and crisis management?

Strengthening governance

4 and accountability

4.1 The Bank's governance model is determined by statute. The Court performs the role of the Bank's governing board and comprises the Governor, Deputy Governors and non-executive Directors (the 'NEDs'), including a non-executive Chairman. The Bank's executive functions report to the Governor and the responsible Deputy Governors, with specific policy decisions reserved by the legislation to statutory committees.

4.2 As well as establishing a new committee of the Bank (the PRC), the Bill will make improvements to the Bank's existing committees. The Bill will strengthen the Court, building on changes made in 2012; improve the workings of the MPC, including implementing recommendations from the Warsh review; and make changes to the FPC, including adjusting its statutory basis from a statutory sub-committee of the Court, to a committee of the Bank, in line with the MPC and the new PRC.

The Court of the Bank

4.3 The Bank's governing body, the Court, is responsible for managing the affairs of the Bank, other than the formulation of monetary policy, and is accountable for the Bank's performance in relation to its objectives. The Court sets the Bank's strategy and budget, and takes key decisions on resourcing and appointments. It comprises the Governor, the statutory Deputy Governors, and nine NEDs including the Chairman of the Court.

4.4 In light of the Bank's new responsibilities, the Government and the Bank have made continuous improvements to the Court's structures and processes since 2012, most recently requiring minutes of its meetings to be published, and introducing a new statutory oversight function to bolster accountability.

4.5 Through the Bill, the government intends to take further steps to strengthen and simplify the Court, and to make sure that it continues to keep pace with corporate governance best practice.

4.6 Firstly, the Bill provides an opportunity for the government to complete the changes it has made to the Bank's executive team. Following the expansion of the Bank's responsibilities, the government and the Bank made a number of new appointments, including creating an additional Deputy Governor post, filled by Dame Nemat "Minouche" Shafik, to head up the Bank's markets and banking operations. The government intends to make this new position (Deputy Governor for Markets and Banking) a statutory member of the Court, and alongside that, an ex officio member of the MPC, the FPC, and the new PRC.

4.7 Secondly, the government intends to reduce the number of NEDs on the Court from nine to seven. Together with the addition of the new Deputy Governor for Markets and Banking, this will bring the overall size of the Court to 12, whilst maintaining an overall majority of NEDs. The Bill will also enable the Government, with Her Majesty's approval, to extend the terms of NEDs on the Court by up to six months, in line with the flexibility already in place for external members of the FPC and MPC.

4.8 Thirdly, the government plans to reform the way that the Court's oversight functions are carried out. In 2012, in recognition of the Bank's expanded responsibilities, a statutory oversight committee was established consisting exclusively of the NEDs, with responsibility for keeping

under review the Bank's performance against its objectives. The oversight committee was also given powers to commission reviews into specific issues or processes. These powers have been a successful innovation, but the creation of a new committee to exercise them has introduced an extra and unnecessary layer of governance. The Bill will therefore simplify the way the Bank's oversight functions are administered by rationalising them and transferring them to the Court itself, and abolishing the oversight committee. As a result of this change, the Court as a whole, rather than a sub-committee of the Court, will be responsible for commissioning reviews and monitoring the Bank's response to, and implementation of, any recommendations resulting from a review.

4.9 The Court will be able to continue to delegate specific functions to the NEDs, and the NEDs will of course be able to meet as a group whenever necessary, in particular to lead performance reviews that require an assessment of the performance of the executives. The responsibility to decide terms and conditions for the Governor and Deputy Governors will continue to be solely that of the NEDs.

4.10 Fourthly, the government intends to legislate in order to make it possible to add a Deputy Governor post or, at the end of a Deputy Governor's term and in consultation with the Bank, remove or vary the scope of such post via secondary legislation. This is an important step that will make it easier to adapt the size and shape of Bank's senior management team to changing priorities. In order for this change to be effective, the new flexibility will also be extended to a) the Deputy Governor positions on the MPC, FPC and the new PRC; and b) the Governor appointed members of the MPC, FPC and the new PRC so that the composition of these committees can be adjusted accordingly.

Monetary Policy Committee

4.11 On 30 April 2014, the Bank commissioned Kevin Warsh, a former Governor of the Federal Reserve, to undertake a *Review of Transparency and the Bank of England's Monetary Policy Committee*. The Warsh Review was published on 11 December 2014.¹

4.12 The Warsh Review recommended reforms in five broad areas relating to the MPC. These included: publishing the MPC's policy decisions and rationale as soon as practicable and reducing the number of MPC meetings from twelve to eight per year; enhancing MPC minutes so as to better capture their Day 1 deliberation;² making Day 2 transcripts public with a deferral period of five to ten years; publishing key inputs to the MPC policy meeting alongside the Day 2 transcripts with an identical deferral period; and strengthening the MPC Secretariat's authority on archiving policies and processes.

4.13 Building on these recommendations, the Bank announced on 11 December 2014 a number of changes to MPC processes. These changes are being progressively implemented:

- Simultaneous publication of policy decisions, minutes and (in relevant months) the Bank's Inflation Report from August 2015 onwards;
- Publication of written transcripts of those meetings at which policy is decided and policy briefing material, with an eight year delay, from March 2015 onwards;
- Frequency of policy meetings, with eight of the twelve meetings roughly evenly spaced throughout the year (one meeting roughly halfway between each quarterly Inflation Report) and the remaining four meetings (required under the current legislation) used both to decide the monetary policy stance and to hold joint MPC-FPC discussions – starting in 2016.

¹ <http://www.bankofengland.co.uk/publications/Documents/news/2014/warsh.pdf>

² 'Day 1' refers to the first part of the MPC meeting, or 'MPC deliberation meeting'; 'Day 2' refers to the second part of the MPC meeting, or 'MPC policy discussion meeting' and 'MPC decision meeting', i.e. meetings at which policy is decided.

4.14 The Bill will complete steps already taken by the Bank in implementing the Warsh Review recommendations by amending the requirement on the timing of the publication of MPC minutes, so that the Bank is required to publish them as soon as reasonably practicable following the meeting; and by moving the MPC to a schedule of at least eight regular meetings a year.

4.15 As highlighted by the Warsh Review, “Changes in the outlook for policy typically require persistent changes in tracking data. Rarely would a single four-week period be sufficient to change economic assessments”.³ In addition, moving to eight meetings a year would make the Bank’s practices more consistent with central banks of other leading advanced economies, including the US Federal Reserve and the European Central Bank. The Governor or in his absence the Deputy Governor for Monetary Policy will retain the ability to summon a meeting at any time, were they to judge that this is required.

4.16 As mentioned previously, the Bill will also make the Deputy Governor for Markets and Banking an ex officio member of the MPC. There will be corresponding changes to the quorum rules to take account of this. These changes will ensure that the quorum will include the Governor and Deputy Governor for Monetary Policy, or at least one of them together with another Deputy Governor. The MPC member appointed by the Governor, after consultation with the Chancellor, will have responsibility within the Bank as chief economist.

Financial Policy Committee

4.17 The FPC was established by the Act and is responsible for identifying, monitoring and taking action to address emerging risks and vulnerabilities across the financial system as a whole. The FPC has powers to make recommendations and directions in relation to the UK financial system in order to contribute to financial stability and, subject to that, support the government’s economic policy.

4.18 The FPC has established itself as a credible and effective macro-prudential authority. Since its inception, the FPC has taken a broad approach to tackling risks to the stability of the financial system: acting to drive improvements in the resilience of UK banks and in disclosure standards; moving to build resilience to cyber threats; taking timely and proportionate action to limit financial stability risks stemming from the UK housing market; and proposing a framework for a UK leverage ratio.

4.19 The Bill will adjust the statutory basis of the FPC from a sub- committee of the Court, to a committee of the Bank, in line with the MPC and the new PRC. This will make for a more consistent and transparent governance structure within the Bank, with all the policy committees established on the same statutory basis.

4.20 Alongside this change, the Bill will transfer responsibility for setting the Bank’s financial stability strategy from the Court to the FPC. This represents an evolution of the current arrangements, where the FPC recommends a financial stability strategy for the Court’s approval, and serves to provide clarity on roles and responsibilities.

4.21 As previously mentioned, the Bill will also make changes to the membership of the FPC. The Deputy Governor for Markets and Banking, who currently attends the FPC as an observer, will be added as an ex-officio member of the FPC. Alongside that, and to ensure that the

³ *Transparency and the Bank of England’s Monetary Policy Committee: Review by Kevin Warsh* (2014), page 7.

balance of the committee remains unchanged, a new external member will also be added. The Treasury will launch an appointment process to fill this position in due course.

Accountability for resources

4.22 The government intends to strengthen the Bank's accountability to the public and Parliament by extending National Audit Office (NAO) scrutiny to the entire Bank for the first time.

4.23 Both of the successor bodies to the Financial Services Authority (FSA): the FCA and PRA, are fully within the scope of NAO audit. Historically, the Bank of England itself has been outside the NAO's audit regime. One consequence of integrating the PRA into the Bank will be the need to unify audit arrangements across the organisation. The government intends to use this opportunity to bring the entire Bank within the NAO's oversight: in future, the NAO will have freedom to initiate value for money studies in relation to the whole of the Bank, following consultation with Court. In order to safeguard the independence of the Bank's policy-making, the Bill will explicitly exclude the Bank's policy-making functions from the NAO's remit, echoing the exemption currently in place in relation to the power to commission independent reviews of the PRA under the Financial Services and Market Act 2000.

4.24 The Court will continue to appoint external auditors to undertake the financial audit of the Bank's full accounts, including in relation to its new prudential regulation functions. The NAO will have full access to this financial audit: they will be consulted during the appointment process, and on the work programme for the audit itself. In addition, NAO representatives will have access, on request, to information made available to the Bank's external auditors, and will be able to attend the Bank's audit and risk committee.

4.25 Where specific operations of the Bank are indemnified by the Treasury, the NAO will have full audit oversight (including being able to carry out a financial audit), reflecting the direct exposure of taxpayer money and the relationship with the Treasury's own accounts. This will include the Bank's Asset Purchase Facility.

4.26 These new audit arrangements will strengthen the Bank's accountability to the public and to Parliament, both as a public body and in its use of public resources. NAO will for the first time have full access to the accounts of the UK's central bank, and, through its reviews, will have the ability to examine the economy, efficiency and effectiveness with which the Bank uses resources.

Consultation questions

Do you have comments on the government's proposals to strengthen and simplify the Court?

Do you have any views on the changes the government intends to make to the MPC and FPC?

Do you have any views on the government's proposal to bring the Bank within NAO oversight?

5 How to respond

Consultation questions

5.1 The box below sets out the questions on which we would welcome your views.

Consultation questions

- 1 Do you have any views on the government's proposals to end the PRA's status as a subsidiary and integrate it within the Bank, while retaining its independence in making rules, policies and supervisory decisions?
- 2 Do you have comments on the government's proposals to further strengthen the framework for resolution policy and crisis management, as set out in Chapter 3?
- 3 Do you have comments on the government's proposals to strengthen and simplify the Court?
- 4 Do you have any views on the changes the government intends to make to the MPC and FPC?
- 5 Do you have any views on the government's proposal to bring the Bank within NAO oversight?

5.2 Responses are invited by Friday 11 September 2015 and should be sent to:

Bank of England Bill Team
HM Treasury
1 Horse Guards Road
SW1A 2HQ

Email: Bankofenglandbillteam@hmtreasury.gsi.gov.uk

5.3 When responding, please state whether you are doing so as an individual or on behalf of an organisation. Responses may be made public unless confidentiality is specifically requested.

5.4 The above addresses may also be used for general enquiries about this consultation.

Confidentiality

5.5 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1988 (DPA) and the Environmental Information Regulations 2004.

5.6 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in

all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.

5.7 HM Treasury will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

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