

Digital Pound Taskforce: Terms of Reference

Introduction

The digital pound would be a retail central bank digital currency (CBDC) for the United Kingdom – a form of digital money for use by households and businesses for their everyday payments, issued by the central bank, the Bank of England.

The joint HM Treasury and Bank of England CBDC Taskforce was announced in April 2021 to ensure a strategic approach to, and to promote close coordination between, the UK authorities as they explore CBDC, in line with their statutory objectives. The 2023 Consultation Paper – overseen by the Taskforce – set out that the Bank of England and HM Treasury consider the digital pound is likely to be needed in the UK, though no decision to introduce one can be taken at this stage.

The 2023 Consultation Paper also set out that the Bank and HM Treasury will now move to a ‘design phase’. The work carried out in the design phase, will enable us to respond to developments in the payments landscape and materially reduce the lead time if there is a future decision to introduce the digital pound. At the end of the design phase a decision will be made on whether to introduce the digital pound and move to a ‘build’ phase.

The Terms of Reference were updated in October 2023 to allow the Taskforce to manage the work of the design phase appropriately.

In October 2023, the Taskforce was renamed as the Digital Pound Taskforce. As well as work on the possible design of the digital pound, it will continue to assess wider CBDC policy questions and monitor international developments.

Role

The Taskforce will continue to be the senior body in the cross-organisation governance structure for the HM Treasury and the Bank of England’s joint work on the digital pound and related CBDC policy questions. The purpose of the Taskforce is to ensure a strategic approach to, and to promote close coordination between, the UK authorities as they explore CBDC, in line with their statutory objectives. It has an oversight role that focusses on strategy, oversight, and risk management of the wider digital pound project, and monitoring of international developments.

The Taskforce is accountable for ensuring that the remits and statutory objectives of each organisation are respected. HM Treasury and Bank of England will maintain independent governance processes on issues that are within their own areas of competence.

The Taskforce will be accountable to the Chancellor of the Exchequer and other HM Treasury ministers, and the Governor of the Bank of England, who retain decision-making power in relation to the digital pound.

Accountabilities

The Digital Pound Taskforce is accountable for:

- Successful delivery and execution of the design phase - this includes ownership and management of material risks to the design phase.
- Providing strategic decisions on digital pound policy, operational and technological issues.
- Overseeing the Bank of England and HM Treasury CBDC teams in their assessment of feedback on policy and technical work from the 2023 Consultation Paper.
- Overseeing that the digital pound proposition developed during the design phase delivers on agreed policy objectives.
- Deciding the technological feasibility and investment needed to build the digital pound.
- Overseeing an assessment of the costs and benefits of the digital pound to support a future decision on whether to introduce the digital pound and move to a 'build phase'.
- Monitoring and influencing international CBDC developments to ensure the UK remains at the forefront of global innovation.
- Steering and directing a national conversation about the future of money.
- Ensuring a joined-up contribution to design phase considerations from across the UK authorities.