



BANK OF ENGLAND

Response Document

The Bank of England's response to the Independent Evaluation Office's evaluation of research

December 2019



The Bank of England (Bank) welcomes the Independent Evaluation Office's (IEO's) evaluation of research. The Bank values research for its role in informing policy, building necessary analytical skills, and developing links with other central banks and the wider research community.

Since the 2014 Strategic Plan, the Bank implemented a package of reforms to strengthen its research function. This included the creation of the Research Hub where Bank researchers are seconded to work on priority topics; the publication of the One Bank Research Agenda; the creation of the One Bank Research Steering Committee to agree on priority topics and resourcing; the introduction of the new research publication guidelines and the Bank Underground blog series, which allow staff to publish papers and posts that challenge received wisdom or differ from official Bank positions; the introduction of new PhD recruitment and career programmes; and the creation of the Research Steering Group to agree on Bankwide policies governing research and to co-ordinate research activities. The IEO report finds that these reforms and investment in research following the 2014 Strategic Plan have helped the Bank make considerable progress on its three research objectives. These objectives are; i) to increase the Bank's external profile and influence; ii) to inform policy development; and iii) to enhance internal skill and knowledge building.

The Bank welcomes the IEO's suggestions for how it can build on these earlier reforms to further enhance the quality and impact of research. This response details how the Bank will act on the recommendations. The Bank will need to consider how to change some aspects of the current practice and make decisions during 2020. These decisions will take into account its overall research strategy, its future strategic priorities, as well as its budget and resource constraints.

The IEO has set out eleven recommendations around three main themes (Figure 1). The Bank's response to each of these is set out below. The annex summarises the actions proposed by the Bank.

Figure 1 Table of recommendations

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|  | <p>Clarify the role of research in delivering the Bank's mission</p> <ul style="list-style-type: none"> • As the Bank sets out its new strategic plan in 2020, state the importance of research and how it can contribute to the challenges the Bank faces. • Clarify where responsibility lies for delivering research, both in terms of high-level oversight and individual objectives. • Align research metrics with the Bank's objectives for research. • Further develop effective methods of communication between researchers and policymakers. |
|  | <p>Provide more clarity and structure around career paths for researchers</p> <ul style="list-style-type: none"> • Provide a clear definition of a researcher role within the Bank. • Provide examples of different career paths for researchers within the Bank. • Provide advice and support for managers of researchers so they understand the different challenges for managing researchers. • Build more structure around the PhD recruitment and the PhD programme to support researchers in their first few years at the Bank. |
|  | <p>Ensure that structures and resources support the Bank's research objectives</p> <ul style="list-style-type: none"> • Review and expand the role of the Research Hub to deliver effectively its part of the research objectives. • Ensure researchers have appropriate access to data and technology needed to deliver Bank research objectives effectively and efficiently. • Better exploit relationships with academic institutions and individuals. |

Theme 1: Clarify the role of research in delivering the Bank's mission

The Bank welcomes the recommendation to clarify the role of research in delivering the Bank's mission.

As the Bank sets out its new strategic plan in 2020, state the importance of research and how it can contribute to the challenges the Bank faces

In 2020, the Bank will refresh the One Bank Research Agenda, which was first published in 2015. This will ensure that its research plan will contribute to the challenges the Bank will face over the medium term.

In 2020, the Bank will also review the balance of objectives for research, taking account of any trade-off between them. The Bank will ensure that the research objectives and strategy are clearly communicated to all staff.

The hybrid model, whereby research is conducted both in the Research Hub and local areas, has been successful in spreading research skills across the Bank. The Bank, however, does not currently have a mechanism to track precisely total spending on research. As the IEO notes, the Bank has faced increasing pressures on its budget since the 2014 Strategic Plan. As a result, research resources have been cut back alongside other activities, with one business area stopping research entirely. The IEO estimated that the Bank's overall spending for research is currently around 1.4% of staff costs. To ensure that its research function is adequately resourced to meet its objectives, the Bank will set both Bankwide and directorate-level targets for research spending as a percentage of its total annual budget from 2020, and monitor the actual research spend against these targets.

Clarify where responsibility lies for delivering research, both in terms of high-level oversight and individual objectives

The Chief Economist is responsible for setting the research strategy for the whole Bank. The Head of Research is responsible for executing that strategy. They will remain jointly responsible for overseeing and reporting on the strategy and resourcing of Bankwide research annually to Governors and Court.

The One Bank Research Steering Committee (OBRSC), which consists of director-level representatives from across the Bank, will remain responsible for delivering research in the Research Hub. The OBRSC will ensure that each directorate will meet its target for seconding staff to the Research Hub. It will also ensure that the outputs of the Research Hub are aligned with the One Bank Research Strategy.

Under the current hybrid model, the Chief Economist and the Head of Research cannot be directly responsible for delivering research in local areas. Instead, this responsibility lies with the local management. Thus, the Bank will ensure that the senior management of directorates with a research function will have a performance objective linked to research inputs and outputs. In addition, researchers' line managers will have a performance objective linked to the team's research outputs. Input measures could, for example, include the number of researchers and total research time. Output measures could, for example, include internal presentations to policymakers; top conference presentations; and Staff Working Papers and journal publications. The performance objectives of both the senior management and the line management should include ensuring that research is used effectively to inform policy. From 2020, the Bank will also monitor the distribution of authors of its research outputs across directorates.

Align research metrics with the Bank's objectives for research

The Bank welcomes the recommendation that researchers' objectives and metrics need to be aligned with how the Bank values research. In 2020, the Bank will decide whether the performance metrics for research, and the performance evaluation and promotion frameworks for researchers, require a review. In 2020, the Bank will develop a reporting framework for good policy impact to feed into individuals' performance reviews. The Bank will review the list and ranking of journals used to assess external impact every three years, with the next review due in 2021.

Further develop effective methods of communication between researchers and policymakers

The Head of Research will identify, share and implement best practice in the communication of research, and ensure coaching is offered to researchers in communicating their findings to a policy audience.

Theme 2: Provide more clarity and structure around career paths for researchers

Under the 2014 Strategic Plan, the Bank has introduced the new PhD programme. Under this programme, new PhD hires are guaranteed 50% research time for the first three years. In addition, the Bank also created a career path for researchers to Scale C by articulating the criteria for in-role promotion.

Since the 2014 Strategic Plan, the Bank has become better at hiring from the PhD job market. As the IEO notes, however, it has been less successful in recruiting and retaining experienced researchers. Experienced researchers contribute to policy analysis by offering deep technical expertise. They also bring in external experts to work jointly on research projects. Many of them also line-manage and guide junior researchers in designing projects and communicating the results to policymakers. Having a good mix of experience levels is therefore important for implementing high-quality research that speaks to the Bank's needs.

Provide a clear definition of a researcher role within the Bank

By the end of 2019, the Bank will clarify the definition of the researcher role as part of a Bankwide review of roles. Those in researcher roles would have at least 30% of time allocated to research and would have met specific criteria expected at their level of seniority. Other responsibilities for researchers could include developing models and toolkits for policy analysis and setting research strategy for their directorates. The Bank will provide clear guidance to ensure consistent mapping of individuals to researcher roles across all directorates.

From 2020, the Bank will seek to monitor the number of researchers at each level of seniority. This will help ensure that the overall number of researchers and the mix of experience levels are appropriate.

Provide examples of different career paths for researchers within the Bank

The Bank welcomes the recommendation that researchers should receive better information about different career routes available for them. From 2020, the Bank will host annual sessions for researchers to provide information and advice on multiple career paths. Senior researchers, as well as policy advisers and managers with a research background, will be invited to offer career advice as role models.

The Bank expects that some researchers will progress as policy advisers and managers. Having more staff with research experience in these positions will strengthen the Bank's ability to use research to inform policy. In 2020, the Bank will consider how it could improve the deployment of staff with research experience into advisory and management positions that require their expertise. This could include supporting such staff to carve out some research time as they progress through an advisory or managerial career route as part of deepening their technical expertise.

Provide advice and support for managers of researchers so they understand the different challenges for managing researchers

The Bank welcomes the IEO's recommendation that the management of researchers needs to be strengthened in order to ensure that the Bank can bring the best out of its researchers and that they are supported in their career development.

To this end, the Bank will advertise better the existing frameworks for managing, evaluating, and promoting researchers. The Bank will ensure that any future changes to the frameworks are communicated to all the relevant staff. From 2020, the Bank will also host annual training sessions for the managers of researchers to inform them of all the existing policies on research.

Build more structure around the PhD recruitment and the PhD programme to support researchers in their first few years at the Bank

The three-year PhD programme was introduced as part of the 2014 Strategic Plan. While the PhD programme has succeeded in recruiting talent from the PhD graduate market, there are concerns among some that the programme might be too rigid to effectively incentivise researchers and retain talent. Unlike other Bank staff, the salary of staff on the PhD programme is fixed for the duration of the programme unless they move to another role at a higher pay scale. They are neither eligible for performance-related awards nor for in-role promotion until they complete the three-year programme, though the starting salary of the PhD programme is set to reflect that. In

2020, the Bank will review its PhD programme offering, including whether the three-year fixed salary deal remains appropriate.

The Bank will strengthen support available for junior researchers. From 2020, the Bank will host annual sessions for PhD programme staff to offer advice on career development. From 2020, all senior researchers will have mentoring junior researchers as part of their objectives.

Theme 3: Ensure that structures and resources support the Bank's research objectives

The Bank welcomes the recommendation that the Research Hub could take a greater role in helping to standardise the experiences of researchers at the Bank, and to unlock research in the business areas where it is less embedded.

Review and expand the role of the Research Hub to deliver effectively its part of the research objectives

The Bank welcomes the recommendation that the role of the Research Hub in the hybrid structure should be reviewed and expanded to deliver effectively its part of the research objective. As part of its business planning, the Bank will review annually how much of the overall research budget should be allocated to the Research Hub. This will take into account two issues: i) whether more staff should be hired centrally into the Research Hub to acquire missing skills; and ii) whether the Research Hub should have an earmarked budget for 'incubator' projects on top priority topics.

On i), the Bank may need to recruit experienced researchers who bring in skills that are useful for several business areas but cannot be supported by one area's budget. The Bank may also need to bring in missing skills to support research on substantially new topics, eg FinTech. This might call for a modest reallocation of research resources from local areas into the Research Hub. This could include hiring more researchers centrally into the Hub and seconding them to other business areas to undertake tasks such as toolkit development for policy analysis. The Research Hub will maintain a central oversight over the annual researcher recruitment process to ensure that the best talent is recruited into the Bank. The Research Hub will also participate in researcher recruitment strategically. This could include making joint offers with business areas to attract and retain talent when appropriate.

On ii), the Bank does not necessarily have staff with expertise on substantially new topics. Starting projects in such cases could take longer as staff need to get up to speed with data, literature and methodology. In 2020, the Bank will decide whether the Research Hub should have an earmarked budget for 'incubator' projects to support research on substantially new priority topics.

In 2020, the Bank will also consider creating a budget which is earmarked for supporting researchers to present at top conferences through prioritisation within its existing research budget.

Ensure researchers have appropriate access to data and technology needed to deliver Bank research objectives effectively and efficiently

The Bank welcomes the recommendation that researchers should have appropriate access to data and technology to deliver the Bank's research objectives effectively and efficiently.

In 2020, the Bank will consider creating the role of data librarian with both data management and research expertise to ensure that Bank researchers and their external collaborators can gain access to its data quickly with appropriate safeguards in place. This should be considered as part of the Bankwide data strategy.

Technology and data procurement will consider research needs in any decision-making process and consult researchers where appropriate. They will also solicit regular structured feedback on the IT infrastructure from the research community.

To ensure that researchers can allocate their time to high value-added tasks, the Research Hub will seek to expand its number of highly trained research assistants.

Better exploit relationships with academic institutions and individuals

The Bank will continue to encourage its staff to collaborate with external researchers. The Bank will also seek to build new strategic partnerships with universities and central banks.

The Bank will ensure that its staff are informed about opportunities to interact with academia. These include giving lectures and obtaining unpaid visitor positions at universities.

Annex: Themes and recommendations, and actions proposed

| Recommendations | Actions proposed |
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| Theme 1: Clarify the role of research in delivering the Bank's mission | |
| <p>As the Bank sets out its new strategic plan in 2020, state the importance of research and how it can contribute to the challenges the Bank faces.</p> | <ul style="list-style-type: none"> • In 2020, the Bank will refresh the One Bank Research Agenda, which was first published in 2015. This will ensure that its research plan will contribute to the challenges the Bank will face over the medium term. • In 2020, the Bank will review the balance of objectives for research, taking account of any trade-off between them. • The Bank will ensure that the research objectives and strategy are clearly communicated to all staff. • From 2020, the Bank will set Bankwide and directorate-level targets for research spending as a percentage of its total annual budget, and monitor the actual research spend against these targets. |
| <p>Clarify where responsibility lies for delivering research, both in terms of high level oversight and individual objectives.</p> | <ul style="list-style-type: none"> • The Chief Economist is responsible for setting the research strategy for the whole Bank. The Head of Research is responsible for executing that strategy. They will remain jointly responsible for overseeing and reporting on the strategy and resourcing of Bankwide research annually to Governors and Court. • The One Bank Research Steering Committee (OBRSC), which consists of director-level representatives from across the Bank, will remain responsible for delivering research in the Research Hub. The OBRSC will ensure that each directorate will meet its target for seconding staff to the Research Hub. It will also ensure that the outputs of the Research Hub are aligned with the One Bank Research Strategy. • The senior management of directorates with a research function will have a performance objective linked to research inputs and outputs. Researchers' line managers will have a performance objective linked to the team's research outputs. The performance objectives of both the senior management and the line management should include ensuring that research is used effectively to inform policy. • From 2020, the Bank will monitor the distribution of authors of its research outputs across directorates. |
| <p>Align research metrics with the Bank's objectives for research.</p> | <ul style="list-style-type: none"> • In 2020, the Bank will decide whether the performance metrics for research, and the performance evaluation and promotion frameworks for researchers, require a review. • In 2020, the Bank will develop a reporting framework for good policy impact to feed into individuals' performance reviews. • The Bank will review the list and ranking of journals used to assess external impact every three years, with the next review due in 2021. |
| <p>Further develop effective methods of communication between researchers and policymakers.</p> | <ul style="list-style-type: none"> • The Head of Research will identify, share and implement the best practice in the communication of research, and ensure coaching is offered to researchers in communicating their findings to a policy audience. |

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| Theme 2: Provide more clarity and structure around career paths for researchers | |
| Provide a clear definition of a researcher role within the Bank. | <ul style="list-style-type: none"> By the end of 2019, the Bank will clarify the definition of the researcher role. The Bank will provide clear guidance to ensure consistent mapping of individuals to researcher roles across all directorates. From 2020, the Bank will seek to monitor the number of researchers at each level of seniority. This will help ensure that the overall number of researchers and the mix of experience levels are appropriate. |
| Provide examples of different career paths for researchers within the Bank. | <ul style="list-style-type: none"> From 2020, the Bank will host annual sessions for researchers to provide information and advice on multiple career paths. Senior researchers, as well as policy advisers and managers with a research background, will be invited to offer career advice as role models. In 2020, the Bank will consider how it could improve the deployment of staff with research experience into advisory and management positions that require their expertise. This could include supporting such staff to carve out some research time as they progress through an advisory or managerial career route as part of deepening their technical expertise. |
| Provide advice and support for managers of researchers so they understand the different challenges for managing researchers. | <ul style="list-style-type: none"> The Bank will advertise better the existing frameworks for managing, evaluating, and promoting researchers. The Bank will ensure that any future changes to the frameworks are communicated to all the relevant staff. From 2020, the Bank will host annual training sessions for the managers of researchers. |
| Build more structure around the PhD recruitment and the PhD programme to support researchers in their first few years at the Bank. | <ul style="list-style-type: none"> In 2020, the Bank will review its PhD programme offering, including whether the three-year fixed salary deal remains appropriate. From 2020, the Bank will host annual sessions for PhD programme staff to offer advice on career development. From 2020, all senior researchers will have mentoring junior researchers as part of their objectives. |
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| Ensure researchers have appropriate access to data and technology needed to deliver Bank research objectives effectively and efficiently. | <ul style="list-style-type: none"> In 2020, the Bank will consider creating the role of data librarian with both data management and research expertise to ensure that Bank researchers and their external collaborators can gain access to its data quickly with appropriate safeguards in place. Technology and data procurement will consider research needs in any decision-making process and consult researchers where appropriate. They will also solicit regular structured feedback on the IT infrastructure from the research community. The Research Hub will seek to expand its number of highly trained research assistants. |
| Better exploit relationships with academic institutions and individuals | <ul style="list-style-type: none"> The Bank will continue to encourage its staff to collaborate with external researchers. The Bank will seek to build new strategic partnerships with universities and central banks. The Bank will ensure that its staff are informed about opportunities to interact with academia. |