Bank of England

**Dame Meg Hillier MP**
Chair, Treasury Committee
House of Commons
London
SW1A 0AA

**David Roberts**
Chair of Court

12 October 2026

**Baroness Noakes DBE**
Chair, Financial Services Regulation Committee
House of Lords
London
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**The Lord Liddle**
Chair, Economic Affairs Committee
House of Lords
London
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Dear Chairs,

The Court of Directors (Court) of the Bank has decided to strengthen the independence of its review processes and the ability of Parliament to scrutinise the Bank's performance by establishing a new model of independent reviews that places greater emphasis on reviews led by external experts. Court made this decision in principle late last year, with a view to implementation after the close of the current work programme of the Bank's Independent Evaluation Office. With Court having approved the new model in detail at its September meeting, I wanted to write directly to outline the approach we have adopted, recognising the important role your committee undertakes in holding the Bank to account on behalf of Parliament.

**Court's oversight role and use of independent reviewers**

Under the Bank of England Act 1998,[1] Court is responsible for keeping the Bank's performance under review as part of its statutory oversight functions. I serve as the independent non-executive Chair, one of the non-executive members of Court whose collective role is to provide independent oversight and challenge of the Bank's executive.

Court can commission, and indeed has commissioned, reviews to support it in the discharge of this oversight function. Since its creation in 2014, Court has chosen to commission many of these through the Bank's Independent Evaluation Office. In this way we have, for example, evaluated the Bank's approach to Quantitative Easing (2021), its use of data to support its policy objectives (2023), and the PRA's approach to its secondary

[1] ss 3A-3F (oversight functions and reviews).

competitiveness and growth objective (2024). However, it is important to note that Court has also commissioned reviews from preeminent external experts, including Dr Ben Bernanke's review of forecasting (2024), Kevin Warsh's review of MPC transparency (2014), and three reviews of the Bank's response to the 2007-08 financial crisis.[2] It is also worth noting that HM Treasury has, under the relevant legislation, been able to commission independent reviews of the Prudential Regulation Authority's activities and done so with regard to its supervision of Co-Op Bank.[3] While Court believes the IEO has produced important and rigorous work, some stakeholders have questioned whether the IEO's independence could be undermined by the fact it is located within the Bank and has staff drawn from the Bank,[4] notwithstanding it routinely uses senior external advisers to support its reviews. We accept that external stakeholders may attach greater weight to reviews led by individuals external to the Bank, who can also bring their outside perspectives to strategically important topics identified by Court.

Court's view is therefore that the Bank can now build on the foundation constructed by the IEO through a model that places greater emphasis on reviews led by external experts. We believe this would strengthen further public confidence in the review process and the ability of Parliament and the wider public to scrutinise the Bank's performance.

**Scope and focus of independent reviews**

In line with legislation and current practice, the scope of such reviews would be broad. In addition to any major organisational issues Court felt required independent external assessment, reviews could also cover policy areas that support the Bank in promoting its objectives for monetary and financial stability, including the objectives of the PRA. They would focus on the performance of the Bank and include robust assessments of policy frameworks, supporting infrastructure, implementation and outcomes.

It is important to note that Court's role is not to second-guess live policy decisions taken by the Bank's statutory policy committees. Any reviews ordered by us would therefore have regard, as is set out by legislation, to the desirability of ensuring that sufficient time has elapsed for reviews to gain meaningful perspective. The timing and scope of reviews would also need to be designed and planned to complement existing work and mechanisms that exist to assess the performance of the Bank.

To take one example, with regard to risk identification and oversight, I would note that the Bank is currently engaging with the International Monetary Fund as it assesses the UK financial system's stability, resilience and regulatory frameworks as part of its regular Financial Sector Assessment Programme (FSAP). This programme will, quite properly, assess policy and supervisory approaches and make recommendations where it deems appropriate.

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[2] Stockton Review (2011) *(forecasting)*, Winters Review (2012) *(liquidity operations)* and Plenderleith Review (2012) *(emergency liquidity assistance to HBOS and RBS)*.

[3] Mark Zelmer, *Independent Review of the prudential supervision of Co-Op Bank plc* (2019).

[4] See, for example, evidence by Professors Aikman and Chada in House of Lords Economic Affairs Committee, *Making an Independent Bank of England Work Better* (November 2023), para 167.

The Bank is also subject to regular audits and value for money reviews. For organisational issues, there would continue to be regular audits from the Bank's Internal Audit function, which reports directly to the Bank's Audit and Risk Committee (a sub-committee of Court). The Bank is also subject to value for money audits from the National Audit Office (NAO), which reports to and is accountable to Parliament. The NAO, for example, recently conducted a major (and positive) review of the Bank's Real Time Gross Settlement Renewal Programme.

**Identity of independent reviewers**

The profile and selection of future independent reviewers would be informed by the scope of the review, skills and specific technical expertise required. Reviews would be led by senior and experienced individuals of recognised standing and demonstrable independence, ensuring that their assessment and findings carry credibility both within the Bank and among Parliament, market participants and the wider public.

Depending on the subject matter, reviewers could be drawn from central banking, regulation, academia, industry or the legal profession.

**Commissioning and delivery**

Court will continue to operate as a unitary board when commissioning independent reviews, consistent with established UK governance practice. However, the non-executive directors of Court will retain the right to commission reviews independently of the executive – the Bank's Governors – if we so chose.

Court agreed it would approve individual Terms of Reference and the appointment of the independent reviewer for each review, which would be led by senior and experienced individuals of recognised standing and demonstrable independence, ensuring that their assessment and findings carry credibility both within the Bank and among Parliament, market participants and the wider public. Reviews would be supported by a small team provided by the Secretary of the Bank, drawing where appropriate on specialist Bank expertise and external research or technical support. As such, this model aims to support the delivery of robust, insightful and impactful reviews through a combination of complementary external specialist knowledge and in-house expertise who understand the Bank and its work.

**Timing, Frequency and Publication**

To ensure efficiency of activity and appropriate oversight, the scope and timing of reviews would be planned to complement work and mechanisms to assess performance of the Bank led by Internal Audit, the NAO, the IMF and local business areas. The frequency of reviews will be determined by Court and would occur as frequently as necessary depending on the prevailing circumstances and issues arising.

Court also agreed it would normally expect to publish any reviews we commissioned through the new model, allowing Parliamentarians and the public to scrutinise their rigour and value.

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Finally, I would note that the IEO will publish one final review before we move to the new model. This will evaluate the Bank's approach to FMI regulation and supervision and is expected to be published in December 2026.

I hope you find this letter helpful and I would be very happy to answer any questions you may have.

Yours sincerely



**David Roberts**
Chair of Court,
Bank of England