

MEETINGS OF THE COURT OF DIRECTORS

PUBLISHED MINUTES 2016

Since April 2013 Court has been required by Paragraph 12 of Schedule 1 of the Bank of England Act to publish minutes of its meetings. The Act also provides that Court may withhold information from publication where this would in its opinion be against the public interest. Material has been withheld from publication under this provision and, absent further action by the Court, would not enter the public domain until normal archive release after 20 years. However at its meeting in December 2015, Court adopted a process for keeping past redactions under review, starting with 2013. At its meeting in December 2018 Court decided that a number of items withheld in 2016, along with a further item from 2014, should no longer be withheld and these are reproduced below, with context where necessary. A further review, of items redacted in 2017, will be undertaken December 2019.

Text in *italics* has already been published.

20 May 2014

Bank of England Capital Base

(Messrs Fisher, Salmon and Sheppard in attendance)

Court discussed the desirability of increasing the Bank's capital, given the increased size of its balance sheet and the potential risk in unindemnified operations. By comparison with other central banks, the Bank had neither strong capital resources nor the benefit of seignorage income. It was agreed that this was a matter to be pursued with the Treasury.

21 September 2016

New EU Withdrawal Unit

(Phil Evans)

Mr Evans said that initially staffing would be on a "hub and spoke" model, with a small team at the centre under him and a lead point of contact in each directorate. Work would consist of a series of large and small projects, most on short deadlines, done by ring-fenced teams drawn from different parts of the Bank. Thus far the central team had reported to the MPC, the FPC and the PRA Board, and completed initial analyses on market access, the regulatory model and supervisory intelligence. Further work over the coming weeks would cover passporting, equivalence, transitionals, domestication of EU legislation, operational issues, uncertainty and its economic impact.

Directors asked about costs. Mr Evans said the activity would for the time being have to be absorbed or found in further allocations. Mr Woods said that some resource could be found by re-focussing, but the full scale of the impact on the PRA was not yet visible. Mr Broadbent

expected the Monetary Analysis directorate to aim to absorb the extra work. The Governor said that the way EU withdrawal was organised would have to develop over time. There would be a great deal to do, and most of it would have to be done very fast. The staffing model that would have to evolve – ideally to be more like that of a professional services firm.

Baroness Harding asked what the key pieces of work would be. The Governor said that the prospect of triggering Article 50 around the end of the year tended to focus the mind. That decision needed to be as informed as possible. The Bank had to feed in its assessment of what could be achieved under various models. Analytics and fact would be really important. The Government needed to have a sense of what it could trade and what it could not. The Bank also needed to assess the macro impact, which was likely to contain a long tail of small costs. And globally, we would have to be clear that we were not making a dash for light-touch regulation.

4 November 2016

IEO Report on FMI Supervision: Discussion

(Lea Paterson, David Bailey, Anne Wetherilt and Alexander Justham)

...It was also worth considering introducing some external specialist expertise into the governance process.

In discussion some members of Court saw a case for building resources within the Directorate as well as leveraging wider Bank expertise. The Bank was a global leader in FMI supervision but there was always room to push out the frontiers. It was notable that the FMI Directorate, unlike the PRA, did not have its own source of funding and so was dependent on CRD income. It would be easy to make a case for charging fees to the supervised firms – some of which were equal in size to the major clearers. In terms of governance, some members of Court favoured bringing outside expertise into the area – Sir Jon Cunliffe, as chair of the FMI Board, said that he would welcome that. The Governor said that the Governors themselves had full visibility of the status of each FMI, just as they had for the major banks through the PRA Board.

Mr Robert asked how a clarification of objectives was to be taken forward. It was noted that the Bank's Financial Stability Objective and international standards provided a basis for defining a supervisory approach, but there was no solid base of explicit objectives in statute.

Banknote Transformation Programme
(Victoria Cleland, Andrew Baker)

Ms Cleland outlined progress of two separate tenders under EU procurement regulations for the polymer and security feature components for the next “G” series £20 banknote.

Court resolved as follows:

Court was content to award the £20G Banknote Polymer Supply Framework Contracts to Innovia and De La Rue.

Court was content to award the first call-off contracts under the Banknote Polymer Supply Framework to Innovia and De La Rue in line with the results of the scoring outlined in the paper.

Court was content to award the £20G security feature Contract to the winner of the tender.

Court delegated to the Deputy Governor Monetary Policy authority to sign the £20G security feature contract on behalf of the Bank and to sign all documents which are required to be signed on behalf of the Bank in connection with the £20G security feature contract with power to sub-delegate the authority conferred by this resolution as he thinks fit.

Court delegated to the Deputy Governor Monetary Policy authority to sign the £20G Polymer Supply Framework Contracts and all call-off agreements on behalf of the Bank and to sign all documents which are required to be signed on behalf of the Bank in connection with the £20G Polymer Supply Framework Contracts and call-off agreements with power to sub-delegate the authority conferred by this resolution as he thinks fit.