

MEETING OF THE COURT OF DIRECTORS

Friday, 13 September 2019

Present:

Mr Fried, Chair

Mr Broadbent, Deputy Governor – Monetary Policy

Sir Dave Ramsden, Deputy Governor – Markets & Banking

Mr Woods, Deputy Governor – Prudential Regulation

Ms Glover

Baroness Harding

Mr Kalifa

Ms Noble

Ms O’Grady

Ms Smits

Ms Thompson

In attendance:

Ms Place, Chief Operating Officer

Apologies:

The Governor

Sir Jon Cunliffe, Deputy Governor – Financial Stability

Secretary:

Mr Footman

1. Minutes

The minutes of the meeting held on 4 July were approved.

There were no conflicts declared in relation to the present agenda.

2. Matters arising

(a) New Governor appointment

The Chair outlined the procedures followed to date relating to the appointment of a new Governor, and the present position.

(b) Pensions

Court agreed to appoint Anne Glover as Chair of Bank of England Pension Fund Trustees limited, the corporate trustee of the Bank of England Staff Pension Fund.

(c) FPC Membership

Court noted that following Dame Jayne-Anne Gahdia's withdrawal from her appointment to the Financial Policy Committee, the Treasury would be launching a search for a new member to take office in April 2020.

3. Brexit Update

(Mike Peacock, Laura Wallis, Nathanaël Benjamin, Grellan McGrath, Clare Cowan and Danny Konopka)

Ms Cowan summarised recent events in Parliament, the Prime Minister's negotiations for an exit deal, and the activities of groups seeking an extension to Article 50. There was a strong likelihood of a general election once Parliament returned. Exit on a no-deal basis on 31 October remained a possibility. Laura Wallis said that the Bank had continued its preparations for a no-deal exit, and had an operable day 1 regulatory framework in place including temporary regimes allowing UK households and business to continue accessing EU firms' financial services. BREMF weekly meetings had resumed. The material Day 1 risks had been addressed. The financial sector was resilient. Daily liquidity reporting was being recommenced, and the Bank had operational capacity in place to support that in all major currencies. Some residual risks of disruption remained if the EU did not act on them by December. The Governor had provided the Treasury Committee on 4 September with an update on the Bank's scenario analyses.

4. Bank's Finances

(a) July Year to Date Financials and July Forecast

(Afua Kyei and Rob Thompson)

Ms Kyei said that the first five months of the financial year had seen income weaker than expected, most notably because of early terminations of the Funding for Lending Scheme and mark-to-market losses on the fixed term deposit book, and costs slightly higher, despite headcount running below target. This meant that overall profit before tax was £20mn below forecast. The Cost Containment Group was reviewing options for savings during the remainder of the coming year, and there had been preliminary discussions in Govco and EDCo. The savings discussions were being balanced with consideration of the impact on staff. Directors noted that the Bank's Brexit work had been accommodated by reprioritisation within the budget, and that was continuing for longer than expected: the scope for further cuts was

limited. Several suggested that there needed to be a further review of priorities, and particularly the balance between current and investment spending. This would be discussed further at the October Court.

5. IEO Research Update

(Melissa Davey, Andy Haldane, Misa Tanaka, Mhairi Burnett, Andy Moorhouse and Nora Wegner)

Court reviewed the main themes and recommendations emerging from the IEO's review of research in the Bank. The final report would be tabled at Court in October and published once approved.

The Review would be brought to Court for approval on 25 October.

6. Physical Security Contract

(Dominic Whittle)

Court approved a contract for the provision of security guards at the Bank's London offices.

7. Directorships

(John Footman)

The annual update of Directors' past and present business interests was noted.

8. Committee Conflicts

(John Footman)

The Secretary said that there had been no changes to the conflicts registers since the last meeting.

The meeting of Court was closed.