

## **MEETING OF THE COURT OF DIRECTORS**

**Wednesday, 14 April 2021**

Present:

Mr Fried, Chair

The Governor

Mr Broadbent, Deputy Governor – Monetary Policy

Sir Jon Cunliffe, Deputy Governor – Financial Stability

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 Thompson

In attendance:

Ms Place, Chief Operating Officer (Items 1-10)

Secretaries:

Mr Footman/Ms Cowan

### **1. Minutes and Matters Arising**

The minutes of the meeting held on 10 February 2021 were approved.

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

Court noted Andy Haldane’s appointment as chief executive of the Royal Society of Arts (RSA). Andrew Bailey said that he would be leaving the Bank at the end of June and join the RSA in October following a period of restricted duties, consistent with the MPC Code. Court recorded its thanks to Andy Haldane for his outstanding service to the Bank over 32 years.

Andrew Bailey advised Court that Jo Place would be moving across from her current role as Chief Operating Officer to lead the Bank’s regional strategy, which would be discussed later in Court.

Brad Fried noted that the process to identify the next Chair of Court would start later in the year. Having served 10 years on Court he would not be seeking a second term as Chair. The public appointment process would be led by the Treasury, but Court’s Nomination Committee

(Nomco) would play an important role. For this purpose Nomco would be expanded to include all non-executive members who were not applicants for the Chair role.

## **2. Court Effectiveness Evaluation**

The Chair said that the external evaluation, led by Julia Budd of Russell Reynolds Associates, had necessarily been paused in the Covid-19 emergency, but it was hoped to start again in September. In the meantime members had been asked to respond to a questionnaire circulated by Dorothy Thompson, and the results, in the form of verbatim extracts, had been circulated. They had also covered the main Court Committees and he invited the Committee Chairs to comment on the results.

Dorothy Thompson said that the questionnaires had highlighted some issues for ARCo to address, including monitoring oversight of the investment portfolio. This would be reflected in future agendas.

Ron Kalifa that the RRC had the right skills to oversee the RTGS renewal programme: the quality of discussion was high and there was close focus of value for money with external assurance sought as necessary. Close attention was being paid to succession and contingency planning.

So far as Court itself was concerned, the Chair said that members had expressed general satisfaction with the processes, agendas, the papers presented to Court, the openness of discussions and the contributions of both executive and non-executive members. The Governor's engagement with Court, across the whole range of his responsibilities, had been particularly welcomed. It was recognised that the Bank would have more work to do on minority ethnic diversity, following the current Court review; and members were keen for more discussion of succession planning and strategic priorities. On its own composition, members had agreed that Court needed to reinforce accountancy skills and minority ethnic representation. The secretariat was working on improved induction arrangements for new members.

### **3. Report from ARCo**

Dorothy Thompson said that good progress had been made on the audits of the 2020/21 accounts, including the (Treasury-indemnified) BEAPFF and the CCFE subsidiaries which were audited by the NAO. Climate disclosures across all the Bank's reporting were still to be reviewed. KPMG had observed good progress in access management controls. The Internal Audit plan had been approved.

Under the Risk section the Committee had discussed the project portfolio and the Bank's ability to achieve everything in the current plans. Three areas for improvement in project execution had been identified - clarification of accountability for the responsible business areas; better reporting of finances and progress; and improved gating, with tighter budget tolerances and scope setting. More stringent checks were now in place.

Jon Cunliffe noted that in connection with Greensill the Bank had received a number of Freedom of Information requests for details of any contact with David Cameron and/or Greensill about access to Bank lending schemes.

### **4. Report from RRC and approval of Terms of Reference** (Victoria Cleland and Rob Elsey)

Ron Kalifa said that the RTGS Renewal Programme was currently on track and currently forecasting spending in line with the Budget agreed by Court in October 2020. The team was working well with Accenture, the technical delivery partner. Victoria Cleland said that Accenture were now working on the development environment that the Bank team had delivered, although some of the automation features that Accenture were expecting had not been delivered, which might incur additional costs.

Further to the Court discussion in October 2020, the Committee had proposed an amendment to its terms of reference to ensure that Governors were aware in advance of material issues being discussed in the Committee, and received the Committee's minutes once approved by the Chair.

Court APPROVED the amended terms of reference.

## **5. Report from RemCo**

Baroness Harding said that any payment in excess of £95,000 would require prior agreement with RemCo before it was discussed with the individual concerned.

## **6. PRC Strategy 2021/22** (Alex Barnett and Clair Mills)

Court was content the PRA strategy for 2021/22. It would be published as part of the PRA business plan in May.

## **7. Diversity Review**

Diana Noble updated Court on progress of the review.

## **8. Regional Presence**

### **(a) Regional Presence – next steps** (Jamie Bell, Sarah John, Jo Muir and Andrew Hebden)

Court discussed proposals for developing the Bank's regional presence by creating a regional hub in the North. Jo Place said that she would be leading this work, which was being taken in the context the relative success of remote working during the Covid lockdowns. Leeds was currently a preferred location, and the team were also exploring using space at the Bank's regional agencies. No decisions had yet been taken and there would be a design phase of approximately six months to look at possible models. It was not the intention that any current staff would be required to relocate. Directors asked that more detail be brought back to Court to outline the impact of a move on the cost base and also to clarify other design questions, for example whether this would be a horizontal or vertical move.

Andrew Bailey said that the idea of increasing office capacity around the Bank's existing regional agencies should remain on the table. Sir Jon Cunliffe thought that a presence in Leeds could be the start of a process of building a series of regional hubs, and it was important to be involved in the levelling up agenda. Jo Place said that the intention would be announced next week, along with the cash centre plans. The accompanying FAQs for staff would make it clear that no-one would be asked to relocate. She would recruit a small team but would need additional resources to set the hub up.

**(b) Communicating the Leeds Decision**

Court approved a draft notice announcing the closure of the Leeds Cash Centre.

**9. Risk**

(Stephen Brown)

**(a) Risk Update**

Stephen Brown, the Head of Risk, discussed the Bank's risk profile and emerging risks.

**(b) Annual Risk Management and Internal Control Attestation**

Court approved a statement on risk management and internal control systems for publication in the Annual Report.

**10. Annual Report Text**

(Jamie Bell, Afua Kyei, Chris Peacock, Matt Cartledge, Jane Cathrall and Paul Wright)

Members were asked to submit written comments on the draft; the Annual Report would come to Court for approval in May.

**11. London University Purchasing Consortium**

Court noted that the Bank had become a member of the LUPC, with the approval of the Secretary.

**12. Committee Appointments and Conflicts**

(John Footman)

Court noted an update from the Secretary.

**13. Papers for Information**

Court noted:

- MPC Report
- Houblon Norman George Fund Accounts
- The Governors' Objectives and Shared Objectives

**The meeting of Court was closed.**

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