



**BANK OF ENGLAND**

# News release

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## **Bank of England launches strategic plan**

The Bank of England today launched its *Strategic Plan*, following a six month exercise led by the Executive Committee of the Bank.

The *Plan*, to be implemented over the next three years, provides an ambitious agenda to transform the institution to take full advantage of the Bank's expanded policy responsibilities. It will create a single, unified institution – One Bank – that will maximise its impact by working together across all its functions.

At the core of the *Strategic Plan* lies a shared vision for the Bank, embodied in a new mission statement: *promoting the good of the people of the United Kingdom by maintaining monetary and financial stability*

This statement reflects the Bank's two core objectives, but also recognises that monetary and financial stability are not ends in themselves, but necessary pre-conditions for delivering the public good. As such, the Bank's previous commitment to two core purposes has been recast into this single mission statement. It also respects the timeless public service mission of the Bank, which has been in place since its original 1694 charter.<sup>[1]</sup>

"In short, we are creating a central bank for the 21st century that combines the finest aspects of our history and traditions with the best of the modern and new," said Governor Mark Carney.

The Bank's Mission Statement and strategy will rely upon its commitment to a diverse and talented workforce, analytic excellence, outstanding execution, and openness and accountability.

To implement this *Strategic Plan*, fifteen core initiatives have been identified.<sup>[2]</sup> These will be carried out in a responsible, well-governed approach that delivers substantial changes and benefits, within the Bank's existing budget.

Some of these initiatives involve the promotion of greater engagement by the Bank with external stakeholders: opening up the Bank's research agenda and key policy questions to external contributions; opening up data sets to the public; the creation of a Stakeholder Relations Group; and building public understanding and support for maintaining monetary and financial stability.

To support the delivery of the *Strategic Plan*, Court has approved changes to the organisational structure of the Bank, which will take effect on 1 June 2014.<sup>[3]</sup> A series of senior-level staff appointments, effective 1 June 2014, were announced to staff earlier today, in conjunction with the internal launch of the *Strategic Plan*.<sup>[4]</sup>

These changes integrate functions to build One Bank, develop talent and diversity, and build new capabilities to support analytic excellence and outstanding execution, and promote openness and accountability. Some roles will move between areas of the Bank, and some staff will move to different roles at the same level. There will, however, be no job losses at any level as a result of this re-organisation. Overall, these changes will create new opportunities for staff to develop and progress within the Bank.

Notable changes are:

- **The creation of a new Deputy Governor-level position for Markets and Banking.**  
The role will be taken by Dr Nemat Shafik. As Deputy Governor for Markets and Banking, reporting directly to the Governor, Dr Shafik will provide greater focus at the very top of the Bank on these two core policy areas. Dr Shafik will be a member of the MPC and will be appointed to the Board of the PRA. The Government has indicated its intention to place this appointment on a statutory basis in due course. Once formalised, Dr Shafik will hold a seat on the FPC. Dr Shafik will be responsible for reshaping the Bank's operations and balance sheet, including ensuring robust risk management practices and helping to lead the design and execution of an eventual exit from quantitative easing by the MPC. She will also oversee the implementation of reforms to the Bank's Sterling Monetary Framework, lead the Bank's work to build fair, efficient and effective financial markets, and review and strengthen the Bank's Markets and Banking areas, including a comprehensive review of the Bank's essential market intelligence function. Dr Shafik will also be jointly responsible for the Bank's international surveillance, analysis and engagement. She will be the Bank's G7 Deputy and take responsibility for international monetary issues and liaison with the IMF.
- **An expanded role for the Chief Economist to build the Bank's research, analysis and data capability.**  
The role will be taken by Andy Haldane. To build cross-Bank research, analysis and data capabilities, the Chief Economist's role will be expanded. For these cross-Bank issues, the Chief Economist will be responsible to the Governors as a whole. To allow for that, a new Monetary Analysis (MA) Director position will be created, reporting to the Chief Economist, who will oversee the work of the MA divisions, consistent with the recommendations of the Stockton Review.
- **A new Financial Stability Strategy and Risk Directorate.** A focussed financial stability strategy and risk directorate will be created, under the leadership of an Executive Director for Financial Stability Strategy and Risk, bringing together several existing divisions from the Financial Stability Directorate and the PRA. The area will primarily serve the FPC, but also the MPC and PRA Board, and will be responsible for co-ordinating the new annual stress testing exercise. The Executive Director of FS-Strategy and Risk will be a member of FPC. The role will be taken by Spencer Dale.
- **An Executive Director for Specialist Supervision and Regulatory Operations in the Prudential Regulatory Authority (PRA).** The role will be taken by Paul Fisher. This ED will report to the Deputy Governor for Prudential Regulation and will be responsible for Supervisory Oversight, Supervisory Support, the PRA Chief Operating Officer function and, through a Director of Specialist Supervision, the PRA Risk Specialists and both Banking and Insurance Prudential Supervision Support functions. Alongside the Executive Director of Insurance Supervision, the new ED will be a Deputy Head of the PRA. He will, in due course, become a member of the PRA Board. The appointment will create an enhanced senior leadership team for the

PRA and reinforce the capability of senior management to engage with oversight and other functions that support institution-specific teams. Although the primary function of this area is to support microprudential supervision, the Director of Specialist Supervision will have a secondary reporting line to the ED for Financial Stability Risk and Strategy, indicating the important role this function will play in supporting stress testing and other FPC work.

- **A new Prudential Policy Directorate.** A new Prudential Policy Directorate will be created, bringing together relevant Prudential Regulation Authority (PRA) and Financial Stability (FS) policy divisions. The area will be led by a new Executive Director reporting jointly to Deputy Governor–FS and the Deputy Governor–PRA. The role will be taken by David Rule.
- **A new International Directorate.** A new International Directorate will be created, with responsibility for the Bank’s surveillance and analysis of the international environment and for co-ordinating interactions with international bodies. Led by a new Director, the directorate will bring together functions currently dispersed across MA and FS, and will report jointly to DG Markets and Banking and DG Financial Stability, who will share responsibilities for international representation at Deputy level. It will have overall responsibility for co-ordinating the Bank’s international and European strategy, and will ensure the Bank has a forward-looking and consistent approach to its international engagement and that its stance is co-ordinated across the wide range of international fora with which the Bank is now engaged. It will also produce the MPC’s world economic forecasts, co-ordinating with the Director of Monetary Analysis, and will support the FPC’s financial stability risk assessment.
- **Enhancement of the PRA line supervision team.** The model of judgement-led supervision employed in the PRA requires both expert line supervision and senior level engagement with firms. That capability will be reinforced: an Executive Director for International Banks Supervision will lead the supervision of branches and subsidiaries of overseas banks. The role will be taken by Megan Butler. An Executive Director for supervision of UK deposit takers will be created, and filled by Lyndon Nelson. He will be supported by Directors for Systemic UK banks and for Non-Systemic UK deposit takers.
- **A new Director, Banknotes and Chief Cashier, and a new Director for Supervision of Financial Market Infrastructures.** A new Director for Banknotes, and Chief Cashier, reporting to the Deputy Governor-Monetary Policy. The role will be taken by Victoria Cleland. A new Director for Supervision of Financial Market Infrastructures, reporting to the Deputy Governor-Financial Stability, will give focussed senior leadership to these two core areas.
- **An independent evaluation unit to be established.** A new unit to support the Oversight Committee of the Bank’s Court, led by a Director reporting to the Chairman of the Oversight Committee. Modelled on the Independent Evaluation Office of the IMF, this function will support the Oversight Committee in its oversight of the performance and processes of the Bank.

## Notes to Editors

- The Bank initiated the Strategic Planning Exercise in October 2013. The review was conducted over six months, facilitated by McKinsey & Company.
- The Bank conducted a wide-ranging staff consultation process as a key input into the Strategic Planning Exercise.
- The Bank's separate Value for Money review was conducted following the conclusion of an HMT review of the Bank's funding via the cash ratio deposit scheme in April 2013. The results of this review were announced on 31 January 2014 see <http://www.bankofengland.co.uk/publications/Pages/news/2014/029.aspx>
- The Bank employs approximately 3,600 staff (February 2014).

[1] The Bank of England's original Charter in 1694 said: 'Now know ye, That we being desirous to promote the publick Good and Benefit of our People...'

[2] See accompanying Background note.

[3] See 1 June 2014 Organisational Chart in accompanying Background note.

[4] See accompanying Background note.