

Bank of England PRA

Panel appointments

Statement by the PRA and the Bank
of England

Statement of policy

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1: Introduction

Summary

1.1 This statement sets out the Prudential Regulation Authority's (PRA) approach to appointing members to its statutory panels.¹ Publishing a statement that guides the PRA's appointments process reinforces the commitment to transparency and will allow the PRA to gain access to wide-ranging expertise, which will contribute to achieving the PRA's statutory objectives.

1.2 The statutory panels for the PRA are the:

- Cost Benefit Analysis (CBA) Panel;
- Practitioner Panel; and
- Insurance Practitioner Panel.

1.3 Members of the statutory panels are external and are not employed by the PRA nor the Bank of England (the Bank).

1.4 HM Treasury (HMT) has been consulted with respect to this appointment statement.²

1.5 The CBA Panel provides advice to the PRA in relation to cost benefit analysis, and to the Bank in its responsibilities in respect of supervising financial market infrastructure firms (FMIs).

1.6 The role of the CBA Panel is to support increased transparency and scrutiny of the PRA and the Bank's policymaking by providing regular, independent input into the PRA's and Bank's CBAs. The Panel also keeps under review how the PRA and the Bank are performing more generally in carrying out their duties with regards to CBA. CBA is an integral part of developing the best possible policy approach, and the results help shape the PRA's policymaking. CBAs inform and refine the policy approach to identified issues, helping to design approaches that are most net beneficial.

1.7 The Practitioner Panel represents the interests of practitioners. The Practitioner Panel considers the general policies and practices of the PRA and provides input to the PRA to help it meet its objectives. The Panel reviews the impact of the PRA's policies insofar as they

¹ As required by section 2NA(1) Financial Services and Markets Act 2000 (FSMA) (inserted by section 45 Financial Services and Markets Act 2023 (FSMA 2023)).

² Section 2NA(6) Financial Services and Markets Act 2000 (FSMA) (inserted by section 45 FSMA 2023).

affect regulated firms, individuals, and markets, responding and providing feedback to the PRA at an appropriate stage of the policy development process.

1.8 The Insurance Practitioner Panel represents the interests of practitioners involved in carrying on the activity of effecting or carrying out contracts of insurance. The Insurance Practitioner Panel's role is to review the impact of the PRA's policies in relation to the insurance sector insofar as they affect regulated firms, individuals, and markets, responding and providing feedback to the PRA at an appropriate stage of the policy development process.

Appointment statement structure

1.9 This appointment statement is structured as follows:

- a) **Chapter 2** – sets out the matters considered in determining who is appointed to the PRA CBA Panel, and the process adopted for making appointments.
- b) **Chapter 3** – sets out the matters considered in determining who is appointed to the PRA Practitioner Panel, and the process adopted for making appointments.
- c) **Chapter 4** – sets out the matters considered in determining who is appointed to the PRA Insurance Practitioner Panel, and the process adopted for making appointments.

2: The PRA Cost Benefit Analysis (CBA) Panel

Appointment considerations

2.1 The PRA takes into consideration a number of matters when determining who is appointed to the PRA CBA Panel. These include, but are not limited to, the following factors.

Statutory requirements³

2.2 The PRA must appoint to the CBA Panel candidates with knowledge or experience of the preparation of CBAs. The PRA may also appoint to the CBA Panel such other persons as it considers appropriate.

2.3 The PRA must appoint to the CBA Panel at least two representatives from PRA-authorized firms, with each one being employed by a different firm.

2.4 Members of PRA statutory panels must be external to the PRA, the Bank, the FCA, the Payment Systems Regulator (PSR), and HMT.

2.5 Section 2LA(1) of FSMA prevents a person who receives remuneration from the FCA, the PRA, the PSR, the Bank or HMT from being appointed as a member of any of the PRA's statutory panels. This disqualification does not apply in respect of a panel if regulations made by HMT provide for it not to apply to that panel. HMT intends to bring forward regulations which will provide that the PRA may remunerate those members of the CBA Panel who are not employed by PRA-authorized persons for their work on that panel.

2.6 The PRA intends to remunerate all panel members who are not employed by PRA-authorized persons for their work on the CBA panel. Remunerating these members enables the PRA to attract the quality and diversity of candidates needed for the panel to properly fulfil its functions – including securing the necessary expertise in cost and benefit analysis.

Role requirements

2.7 CBA panel members (including the chair) shall be appointed as independent statutory office holders. As such, panel members shall not have 'worker' or 'employee' status.

2.8 To be considered for appointment to the CBA Panel, all candidates should demonstrate:

- a) relevant experience, including knowledge or experience of the preparation of CBAs or similar analyses, as the PRA considers appropriate;⁴

³ As set out in FSMA (amended by FSMA 2023).

⁴ Section 138JA(7) FSMA (inserted by section 43 FSMA 2023).

- b) a broad understanding of at least one of the following:
 - regulatory environment;
 - policymaking;
 - economic analysis;
 - financial/economic regulation;
- c) analytical ability and being able to absorb large volumes of complex information to reach reasoned and robust conclusions;
- d) excellent communication skills; and
- e) any other criteria and competencies the PRA thinks is relevant to the specific role, as detailed in the post advertisement.

2.9 Given the statutory requirement to have representatives of two PRA-authorized firms as members of the Panel,⁵ the PRA will also consider whether candidates are currently employed by a firm regulated by the PRA. In addition, since the CBA Panel also considers CBAs in relation to the Bank's role and responsibilities in respect of supervising financial market infrastructure firms (FMIs), the PRA will also consider whether candidates have relevant experience relating to FMIs.

2.10 Some candidates with specialist skills in sectors that the PRA thinks are relevant to the CBA Panel's role but, without relevant experience in cost benefit analysis, may also be considered where other candidates already meet the above criteria.

2.11 To be considered for appointment as the chair of the CBA Panel, candidates will need to, in addition to the requirements for other CBA Panel members specified in paragraph 2.8, demonstrate:

- a) prior expertise operating at a senior level in policymaking, economic analysis, and financial/economic regulation; and
- b) prior experience chairing senior meetings and of working collaboratively with others to reach objective, evidence-based decisions.

Equality and diversity considerations

2.12 The following equality and diversity considerations are given as part of the selection process for members of the CBA Panel.

2.13 Membership of the CBA Panel will be reviewed on a regular basis. In reviewing the membership criteria, the PRA and the Bank will be mindful of their obligations regarding the advancement of equality and diversity.

⁵ Section 138JA(8) FSMA (inserted by section 43 FSMA 2023).

2.14 The PRA is committed to diversity and equality of opportunity and welcomes applications from candidates irrespective of their background, including but not limited to those characteristics listed in the Equalities Act 2010.

2.15 The PRA is a signatory to the Women in Finance Charter⁶ and applications from women, and Black, Asian and Minority Ethnic candidates are encouraged.

2.16 All disabled candidates (as defined by the Equality Act 2010) who satisfy the minimum criteria for the role will be guaranteed an interview under the Disability Confident Scheme (DCS).

2.17 To be eligible for consideration under the DCS, candidates must be considered disabled under the Equality Act 2010. This means that candidates must have or have had in the last 12 months a physical or mental impairment that has a substantial long-term adverse effect on their ability to carry out normal day-to-day activities. This includes those whose disability has lasted, or is likely to last, for 12 months, or if the disability or condition is likely to progress or recur.

2.18 The PRA will process candidates' personal information for the performance of a task carried out in the public interest. To the extent that the PRA will process special category personal information, it will do so for reasons of substantial public interest. Personal data collected from the applicants will be handled in line with the Bank's data protection processes.⁷

Sectoral experience

2.19 The PRA has a commitment to ensure appropriate sectoral experience of CBA Panel members. This is to ensure that a representative balance of stakeholder types and views are included from a diverse range of expertise.

Security vetting

2.20 The CBA Panel members will be required to complete security vetting for clearance to SC level in accordance with Bank policy and the processes required by UK Security Vetting. This may include completion of additional overseas checks, where considered appropriate.

Conflicts of interest

2.21 The CBA Panel should be alert to situations that may give rise to conflict. An assessment of current interests and any potential conflicts arising from those interests will be undertaken as part of the selection process. The PRA will aim to identify, as early as possible, any actual, potential, or perceived conflicts of interest that would arise if a candidate

⁶ Available at: www.gov.uk/government/publications/women-in-finance-charter.

⁷ Available at: www.bankofengland.co.uk/legal/privacy.

were appointed to the Panel. Where possible, mitigants will be considered in order to manage the potential conflict.

Appointment process

2.22 When a new member is required, the CBA Panel Secretariat will request the PRA to advertise the role on publicly available websites.

2.23 The members of the CBA Panel (including the chair) are appointed by the PRA and in consultation with the Bank.

2.24 The chair and members of the CBA Panel will be appointed following an assessment process led by the PRA and in consultation with the Bank. The assessment process will include an application stage requiring candidates to fill out an online application form, and a two-stage interview process. Representatives from the PRA and the Bank are involved in the recruitment process.

2.25 When making the appointment, the PRA will refer to its 'appointment considerations'.

2.26 The PRA's internal governance processes are followed when approving, or rejecting the nominated candidate. Nominated candidates will be presented to the Prudential Regulation Committee (PRC) to approve or reject. HMT's approval is required for the appointment and dismissal of the chair.

2.27 The chair of the Panel must be an independent member of the CBA Panel, ie not currently employed by a PRA-authorized person nor an FMI entity.

2.28 The independent members of the CBA Panel must always form the majority on the CBA Panel.

3: The PRA Practitioner Panel

Appointment considerations

3.1 The PRA takes into consideration a number of matters when determining who is appointed to the PRA Practitioner Panel. These include, but are not limited to, as follows.

Statutory requirements

3.2 The PRA must appoint to the Practitioner Panel such persons representing PRA-authorized persons as it considers appropriate. Moreover, the PRA may appoint to the Practitioner Panel such other persons as it considers appropriate.

3.3 Members of PRA statutory panels must be external to the PRA, the Bank, the FCA, the PSR, and HMT.

Relevant experience

3.4 To be considered for appointment to the Practitioner Panel, candidates will need to demonstrate relevant skills and industry experience, and will need to be drawn from each of the sectors that the PRA regulates, or any relevant sector the PRA considers appropriate.

Sectoral representation

3.5 The PRA has a strong commitment to ensure sectoral representation of Practitioner Panel members. This is to ensure that a representative balance of stakeholder types and views are included. When considering candidates, the PRA will take sectoral representation into account.

Appointment process

3.6 In accordance with the PRA statement on Practitioner Panels,⁸ the process for recruitment for the Practitioner Panel involves consulting trade associations to secure nominations for new members.

3.7 Practitioner Panel members are nominated by relevant trade associations for PRC's approval.

3.8 When a new member is required, the Practitioner Panel Secretariat will contact the relevant trade association to ask for a nominee to be put forward.

⁸ Available at: www.bankofengland.co.uk/prudential-regulation/pra-practitioner-panel.

3.9 The PRA will ask the trade association to set out the criteria considered in nominating a candidate to the Panel, including diversity and equality considerations.

3.10 The Secretariat will meet with the proposed nominee to discuss the practicalities of being a member.

3.11 Following PRA internal governance, PRC will approve or reject the nominated candidate.

3.12 When a chair or deputy chair is required, Panel members will nominate from their number a person for PRC approval.

3.13 HMT's approval is required for the appointment and dismissal of the chair.

4: The PRA Insurance Practitioner Panel

Appointment considerations

4.1 The PRA will take into consideration a number of matters when determining who is appointed to the PRA Insurance Practitioner Panel. These include, but are not limited to, as follows.

Statutory requirements

4.2 The PRA must appoint to the Insurance Practitioner Panel at least one person representing PRA-authorised persons engaged in the activity of effecting or carrying out of contracts of insurance. Moreover, the PRA may appoint to the Insurance Practitioner Panel such other persons as it considers appropriate.

4.3 Members of PRA statutory panels must be external to the PRA, the Bank, the FCA, the PSR, and HMT.

Relevant experience

4.4 To be considered for appointment to the PRA Insurance Practitioner Panel, candidates will need to demonstrate relevant skills and industry experience, and will need to be drawn from the insurance sector or any relevant sector the PRA considers appropriate.

Sectoral representation

4.5 The PRA has a strong commitment to ensure sectoral representation of Insurance Practitioner Panel members. This is to ensure that a representative balance of stakeholder types and views are included. When considering candidates, the PRA will take sectoral representation into account.

Appointment process

4.6 The process for recruitment for the Insurance Practitioner Panel will involve consulting trade associations and market participants to secure nominations for new members.

4.7 Insurance Practitioner Panel members will be nominated by relevant trade associations and market participants for PRC's approval.

4.8 When a new member is required, the Insurance Practitioner Panel Secretariat will contact the relevant trade association or market participant to ask for a nominee to be put forward.

4.9 The PRA will ask the trade association or market participant to set out the criteria considered in nominating a candidate to the Panel, including diversity and equality considerations.

4.10 The Secretariat will meet with the proposed nominee to discuss the practicalities of being a member.

4.11 Following PRA internal governance, PRC will approve or reject the nominated candidate.

4.12 Where a new chair or deputy chair is required, Panel members will nominate from their number a person for PRC approval.

4.13 HMT's approval is required for the appointment and dismissal of the chair.