

Non-Executive Director
(Chair of the Audit and Risk Committee)
Court of the Bank of England
2023 Recruitment Information Pack

The closing date for applications is: 22/05/23

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Introduction from David Roberts

Chair, Court of Directors, Bank of England

Thank you for your interest in joining the Bank of England's Court of Directors as a Non-Executive Director who will chair the Audit and Risk Committee.

The Bank is one of the UK's most important economic institutions, with wide-ranging responsibilities. The Court has been the Bank's governing body since 1694, overseeing the Bank as an institution, and providing the necessary governance to enable it to achieve its objectives effectively and efficiently.



The Bank's Audit and Risk Committee is an important component of the Bank's governance framework. The Chair of the Committee leads the Court oversight of the Bank's financial controls and approach to risk and helps enrich its risk culture.

Diversity and inclusion is a top priority for the Bank. The recruitment panel particularly encourages applicants from underrepresented groups so the Bank can better reflect the society it serves, encourage diverse ideas, and be open to perspectives that challenge prevailing wisdom.

Thank you, once again, for your interest in this role and for taking the time to read through this pack, which provides further information. We look forward to hearing from you.

Introduction to the Bank

As the country's central bank, the Bank of England sits at the heart of the UK's economy and financial system. Its mission is to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.

The Bank was founded in 1694 and its roles and functions have evolved and changed over its three-hundred-year history. Since its foundation, it has been the Government's banker and, since the late 18th century, it has been banker to the banking system more generally – “the bankers' bank”. The Bank is perhaps most visible to the general public through its banknotes, having had a monopoly of the issue in England and Wales since the middle of the 19th century. Through its market operations it is the ultimate source of reserves to the banking system, and its “Bank Rate” is the benchmark for all short-term sterling interest rates. It also manages the UK's foreign exchange and gold reserves and operates the high value payment system (RTGS).

The Bank is owned by the UK Government, and is accountable to both Parliament and the general public. In 1997 the Bank was given operational independence to set interest rates so as to achieve a monetary stability target set by the Government – currently an inflation target based on the Consumer Prices Index. Policy decisions – relating both to Bank Rate and to the Asset Purchase programme - are taken by the Bank's Monetary Policy Committee (MPC) and implemented through the Bank's financial market operations.

The Bank's role in promoting financial stability was expanded following the crisis of 2007-09. In 2009 the Bank became responsible for the resolution of failing banks, and for the oversight of payment systems. The Bank was then given a statutory objective to “protect and enhance the stability of the financial system”. In 2013 its Financial Policy Committee (FPC) was given powers to act against threats to the resilience of the financial system and, through its Prudential Regulation Authority (PRA), the Bank became responsible for ensuring the safety and soundness of individual banks and insurers. The Bank also became responsible for the supervision of financial market intermediaries such as payment and clearing systems, which is overseen by the Financial Market Infrastructure (FMI) Board.

The Bank is governed by a Court of Directors, appointed by the Crown. The executive management is led by the Governor, supported by four Deputy Governors.

The Bank employs around 4,800 staff and has a total gross expenditure of around £711 million per annum. This is funded through a mixture of income generated from deposits placed by banks and other deposit-takers, and fees and levies charged for some of the activities it performs.

Policy Committees

Several of the Bank's policy responsibilities are conferred by legislation on specially constituted policy committees. These are:

- **The Monetary Policy Committee (MPC)**

The Bank's monetary policy objective is to "maintain monetary stability" and it has a secondary objective to support the Government's economic policies. Each year the Government sets out a target for monetary stability – currently an inflation target of a two per cent increase in the Consumer Prices Index – and the MPC meets eight times a year to take decisions including on the level of Bank Rate and the scale of asset purchases in order to meet that target.

The MPC is made up of nine members – the Governor, the three Deputy Governors for Monetary Policy, Financial Stability and Markets & Banking, the Bank's Chief Economist and four external members appointed directly by the Chancellor. The appointment of external members is designed to ensure that the MPC benefits from thinking and expertise in addition to that gained inside the Bank of England.

Each member of the MPC has expertise in the field of economics and monetary policy. Members are independent, and do not represent particular groups or interests. The MPC's decision is made on the basis of one person, one vote, and each member of the Committee votes in a way they believe is consistent with the MPC's remit. It is not based on a consensus of opinion. A non-voting representative from HM Treasury also sits with the Committee at its meetings.

- **The Financial Policy Committee (FPC)**

The FPC has a primary objective of identifying, monitoring and taking action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. As with the MPC, there is a secondary objective to support the economic policy of the Government.

The FPC members are the Governor, the four Deputy Governors, the Bank's Executive Director for Financial Stability Strategy and Risk, the Chief Executive of the Financial Conduct Authority (FCA), five other external members appointed by the Chancellor, and a non-voting member representing HM Treasury.

The FPC can issue Directions and Recommendations to the Prudential Regulation Authority (PRA) and the FCA and can make Recommendations to other bodies. For banks, the FPC has been given powers of Direction over sectoral capital requirements and sets the countercyclical capital buffer. It oversees the annual stress test of major banks' balance sheets.

The FPC meets quarterly to a published schedule. Each quarterly round comprises a briefing on financial system developments; focused discussions of key threats to stability

and potential macroprudential policy interventions; and a formal meeting to agree on policy decisions, for example to make Directions and/or Recommendations.

The Committee publishes a record of its formal policy meetings and is responsible for the Bank's bi-annual *Financial Stability Report*.

- **The Prudential Regulation Committee (PRC)**

The Bank's objectives are to promote the safety and soundness of the firms it regulates; to protect insurance policyholders and (as a secondary objective) to facilitate effective competition.

Prudential regulation of banks, building societies, other deposit takers, insurance companies and certain investment firms is undertaken by the Bank through the PRA. The PRA is governed by the PRC, which is chaired by the Governor and includes all four Deputy Governors as well as at least six non-executive members appointed by the Chancellor. The Committee meets frequently to take decisions on rules and practice and also on firm-specific issues. It sets the PRA's strategy and approach to supervision.

In addition, the **Financial Markets Infrastructure (FMI) Board** is a decision-making executive committee of the Bank of England, reporting to the Governor, and which exercises the Bank's powers in relation to the three main types of financial market infrastructure (FMI) overseen by the Bank - recognised payment systems, central securities depositories and central counterparties.

The Board's remit includes the promotion of the safety and soundness of FMIs and the taking of specific regulatory, policy and risk decisions. The Board plays a vital role in oversight of the Bank's financial market infrastructure policy and supervision and helps ensure the Bank meets its financial stability objective.

The Board is chaired by the Deputy Governor for Financial Stability. In addition to senior executives from across the Bank, including the Executive Director for FMI, the Board includes three external members appointed by the Governor.

The Court

The Court of Directors is a unitary board with five executive members and up to nine non-executive members. It meets at least seven times a year. All members of Court are appointed by the Crown.

While specific policy responsibilities are reserved to the statutory committees, the Court of Directors is required by the Bank of England Act 1998 to “manage the Bank’s affairs”, other than the formulation of monetary policy. It must determine the Bank’s objectives and strategy, and ensure the effective discharge of the Bank’s functions and the most efficient use of the Bank’s resources. It takes the major decisions on finance, resources and appointments.

Court also keeps under review the Bank’s performance in relation to its objectives, the exercise of the Bank’s statutory functions and the processes of the policy committees. Members of Court may observe the meetings of the policy committees and the FMI Board and are supported by an Independent Evaluation Office (IEO). The Court may commission internal or external performance reviews (including, retrospectively, into policy decisions); and it has responsibility for monitoring the Bank’s response to recommendations arising from such reviews.

The Court approves the Bank’s budget, which reflects the strategy that it determines, and monitors outturns and the delivery of objectives. It is also responsible for agreeing the Bank’s dividend, treasury management and risk management policies.

The Bank of England Act 1998 (and subsequent legislation) has emphasised accountability and transparency, in the context both of the policy processes and of the Bank’s operations and finances. The Court is responsible for producing the Bank’s annual report and accounts for the Chancellor of the Exchequer to lay before Parliament. Members of Court are likely to be called to give evidence about the Bank before Parliamentary Committees. The National Audit Office (NAO) may conduct reviews of the Bank’s efficiency and effectiveness, reporting to the Public Accounts Committee.

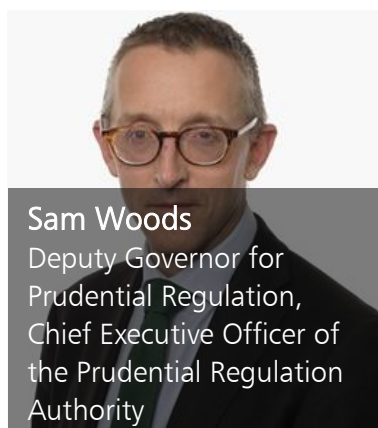
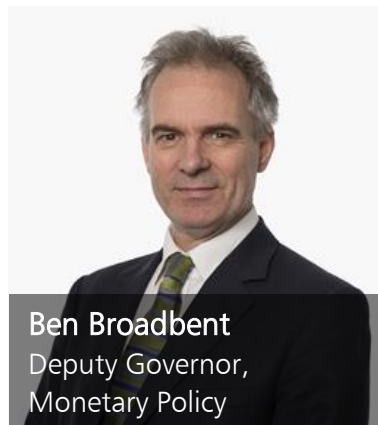
It is for the Court to decide its own procedures, but it is expected to operate in line with corporate governance best practice. The Court has an Audit and Risk, Remuneration and Nomination committees – in these respects, and in relation to its accounts, the Bank generally conducts itself as though it were a public company. Non-Executive Directors serve as members of one or more of the committees of Court, including potentially as a committee chair. We are looking to appoint one new Non-Executive Director who will become Chair of the Audit and Risk Committee.

Current Members of Court

Chair



Governors



Non-Executive Directors



Sabine Chalmers



Lord Jitesh Gadhia



Anne Glover



Sir Ron Kalifa



Diana Noble



Baroness Frances
O'Grady



Tom Shropshire

Requirements

We are looking to appoint one new Non-Executive Director who will become Chair of the Audit and Risk Committee. Non-Executive members of Court serve in a personal capacity. The appointment is expected to commence in Autumn 2023 and the estimated time commitment is between two and three days per month.

The successful candidate will play a significant role in reviewing the Bank's performance, risk and financial controls. All non-executive members of Court have the right to observe meetings of the Monetary Policy Committee and other policy committees of the Bank.

Candidates for this position must be leaders, with a strong technical and financial grasp in their field, combined with an interest in the wider public policy debate and in economic and financial policy in particular. When appointing candidates, the Government judges it important to maintain a breadth and balance of skills and experience between all members of the Court.

Required criteria

A successful candidate for this post must have experience in audit and accountancy.

The candidate should also have substantial experience in one or more of the following:

- **Leadership at board level in a major financial services firm, a listed company or a substantial multinational corporation.**
- **A prominent role either as Chair, Chief Executive, Managing Director or Executive Board member in a relevant area of public policy or the voluntary sector.**
- **Building up a successful enterprise of a significant size themselves.**

Desirable criteria

Desirable qualities that we are looking for in this appointment are:

- **A broad background in finance.**
- **Undisputed integrity and standing**, including the ability to maintain discretion and engender trust in staff, peers and stakeholders.
- **Excellent interpersonal and influencing skills**, such as the ability to build strong relationships with other members of the Court, senior Bank officials and key stakeholders, and bring diversity of thought to the Court.
- **Experience delivering organisational effectiveness**, given the need for the Court to ensure the most efficient use of the Bank's resources, including public funds.

All qualified applicants will be considered without regards to race, colour, religion, gender, gender identity or expression, sexual orientation, disability and age. Appointments are made on merit and are subject to the Principles of Public Life set out by the Commissioner for Public Appointments and the Bank's Code of Conduct for Members of Court.

Remuneration and place of work

Non-Executive Directors receive remuneration of £15,000 a year. Non-Executive Directors that also chair a committee of Court receive additional remuneration of £5,000 a year. Given we are looking for a Non-Executive Director to chair the Audit and Risk Committee, they will receive total remuneration of £20,000 a year. In addition, all Non-Executive Directors receive payments to cover expenses.

The average time dedication is estimated to be between two to three days per month. This includes a minimum of seven meetings of Court a year and additional meetings as required of the Audit and Risk Committee, therefore time dedication per month may vary depending on the workload of the Committee.

Court meetings mostly take place at the Bank's head office in Threadneedle Street in the City of London. The Bank is currently exploring ways of extending its footprint outside London, and in future some meetings may be held in regional hubs. Some meetings may be held virtually.

Additional Information

Non-Executive Directors of Court are appointed by HM The King on the advice of the Prime Minister and the Chancellor of the Exchequer. Appointments are for up to four-year terms (or such shorter period as may be specified in the appointment), and there is the possibility of reappointment at the end of the term.

Please note, as part of the vetting process, candidates will be subjected to due diligence. This will consist of reviewing your social media and any public attention.

Disqualifications

Under the Bank of England Act 1998, a person is disqualified from being a Non-Executive Director if they are (a) Minister of the Crown; (b) serving in a Government department in employment in respect of which remuneration is payable out of money provided by Parliament; or (c) an employee or officer of the Bank of England.

Potential Conflicts

Appointment to the Court presupposes that an individual has no financial or other interests that could substantially restrict their ability to discharge the functions required of a member of the Court. These include financial interests significant enough to conflict with the member's duty to the Bank, and conflicts of duty arising from employment or other relationships that could prevent the individual concerned from being wholly independent, disinterested and impartial.

As with any public body, members of Court may find that their close family's business or personal (financial) interests could become matters of public interest. It is in the interests of both yourself and the Bank to declare any business or personal interests that may be perceived to be a potential conflict of interest in relation to this appointment.

A Director of the Bank should not accept or retain any directorship, trusteeship, advisory post or other interest, whether or not remunerated, that is in conflict with membership of the Court.

A Director of the Bank should not be associated with a PRA or other Bank-regulated firm as director, employee or adviser.

To the extent that conflicts arising from external appointments do exist, a Director will be unable to participate fully in the work of Court. In particular, specific conflicts may preclude a Director from observing meetings of the MPC, FPC or PRC, or receiving papers prepared for such meetings.

The successful candidate will be subject to the Bank of England's Personal Financial Dealing Rules, a copy of which will be provided to those candidates invited to interview.

See Appendix 2 for further details of what constitutes a conflict of interest.

How to Apply

The preferred method of submission is by email to chairofarcoboe@egonzehnder.com, copying boerecruitment@hmtreasury.gov.uk.

If you are unable to submit your application by email or need any further assistance, including information in other formats, please contact:

Bank of England Appointments Team
HM Treasury
1 Horse Guards Road
SW1A 2HQ
boerecruitment@hmtreasury.gov.uk

Applications must arrive no later than **22 May 2023 at 23:00**.

Applications should consist of:

- completed Political Activity, Conflict of Interest and Diversity Monitoring questionnaires;
- a full CV (including nationality, education and professional qualifications, career history, and relevant achievements and responsibilities); and,
- a covering letter (not exceeding two sides) summarising the evidence from your career which best demonstrates your qualifications and experience for the role.

Your application will be acknowledged within 48 hours of receipt and you will be informed in writing or by telephone of the progress of your application.

Once the closing date for applications has passed, the appointment process will be conducted in the following stages:

- Applications will be sifted according to the candidate profile. Those applicants who have not been successful will be notified at this stage and a short list of the most closely qualified applicants will be invited to final panel interviews.
- Interviews for these roles are expected to take place in July and August 2023.
- Interviews will be conducted by a panel consisting of senior officials from the Treasury and the Bank and an external panel member who is independent of both the Treasury and the Bank.

The Panel will include:

- James Bowler (Panel Chair, Permanent Secretary, HM Treasury)
- David Roberts (Chair of the Court, Bank of England)
- Terry Miller (Independent Panel Member, Non-Executive Director, Galliford Try)

References

The names of two referees are asked for as part of the application form. Referees must be people who know you in a capacity to comment on your suitability for the

appointment for which you have applied and will be expected to have authoritative and personal knowledge of your achievements. References will only be taken up for short listed candidates called to interview as soon as the interview arrangements have been made. Referees will be advised accordingly.

Equality of Opportunity

HM Treasury and the Bank of England are committed to ensuring a truly diverse workforce. We are part of the Disability Confident Scheme. All disabled applicants will be guaranteed an interview, provided they meet the minimum criteria for the post.

If you are not completely satisfied with the appointments process, please raise any complaint in the first instance to: boerecruitment@hmtreasury.gov.uk

Regulation by the Commissioner for Public Appointments

The Commissioner for Public Appointments regulates appointments to provide independent assurance that appointments by Ministers to the boards of public bodies are made in accordance with the Government's Principles of Public Appointments and Governance Code. More information about the role of the Commissioner is available from:

<https://publicappointmentscommissioner.independent.gov.uk/>

For full details of the complaints process for public appointments please click on the following link which will take you to the Commissioner for Public Appointments website:

<https://publicappointmentscommissioner.independent.gov.uk/complaints/>

Alternatively, please contact the Commissioner's office on 020 7271 6729 or by emailing publicappointments@csc.gov.uk for a printed copy.

Appendix 1

The seven principles of public life

All candidates for public appointments are expected to demonstrate a commitment to, and an understanding of, the value and importance of the principles of public service. The seven principles of public life are:

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 2

Conflicts of Interest

What is a conflict of interest?

Public Appointments require the highest standards of propriety, involving impartiality, integrity and objectivity, in relation to the stewardship of public funds and the oversight and management of all related activities. This means that any private, voluntary, charitable or political interest which might be material and relevant to the work of the body concerned should be declared.

There is always the possibility for real or perceived conflicts of interest to arise. Both are a problem, as the perceived inference of a conflict may, on occasions, be as damaging as the existence of a real conflict. It is important, therefore, that you consider your circumstances when applying for a public appointment and identify any potential conflicts of interest, whether real or perceived.

Surely a perceived conflict is not a problem, as long as I act impartially at all times?

The integrity of the individual is not in question here. However, it is necessary for the standing of the individual and the board that members of the public have confidence in their independence and impartiality. Even a perceived conflict of interest on the part of a board member can be extremely damaging to the body's reputation and it is therefore essential that these are declared and explored, in the same way as an actual conflict would be. The fact that a member acted impartially may be no defence against accusations of potential bias.

What should I do if I think I have a conflict of interest?

You will find a section on conflicts of interest in the application form for you to complete. This asks you to consider and declare whether or not you have a real, or perceived, conflict. If you are unsure if your circumstances constitute a possible conflict, you should still complete this section, in order to give the Selection Panel as much information as possible.

If I declare a conflict, does this mean I will not be considered for appointment?

No - each case is considered individually. If you are short listed for interview, the Panel will explore with you how far the conflict might affect your ability to contribute effectively and impartially on the Board and how this might be handled, if you were to be appointed. For example, it may be possible to arrange for you to step out of meetings where an issue is discussed, in which you have an interest. However, if, following the discussion with you, the Panel believes that the conflict is too great and would call into question the probity of the Board or the appointment; they can withdraw your application from the competition.

What happens if I do not declare a known conflict, which is then discovered by the Department after my appointment?

Again, each case would be considered on its merits, but the Department may take the view that by concealing a conflict of interest, you would be deemed to have breached the Seven Principles of Conduct Underpinning Public Life and may terminate your appointment.

What happens if I do not realise a potential conflict exists?

This situation may arise where the applicant is not familiar with the broad range of work which a body covers and therefore does not realize that a conflict might exist. In some cases, the Panel, with their wider knowledge of the body, might deduce that there is a potential conflict issue, based on the information on employment and experience provided by the candidate in the application form. They will then explore this at interview with the candidate.

What happens if a conflict of interest arises after an appointment is made?

This could arise for two main reasons. The first is that the members circumstances may change, for example, they may change jobs and in doing so, a conflict with their work on the board becomes apparent. The second is where a member is unfamiliar with the range of the work of the body, but after appointment, it becomes clear that a conflict exists where none had been envisaged during the appointment process.

In both cases, the issue should be discussed with the Chair of the board and the Chief Executive of the body concerned, in consultation with the Sponsoring Department, to decide whether or not the member can continue to carry out their role in an appropriate manner and each case is considered individually.

It may be that the conflict is such that it would be impractical for the member to continue on the board, if they would have to withdraw from a considerable amount of the body's routine business. In such, cases, the member may be asked to stand down from the body.

Areas where a conflict could arise:

There are five main issues, which could lead to real, or apparent, conflicts of interest. These are:

- Relevant pecuniary or other interests outside the organisation;
- Relationships with other parties/organisations which could lead to perceived or real split loyalties;
- Pending Government Policy could give unfair personal advantage to people with allied business interests – for example access to privileged information – trade secrets;
- Perception of rewards for past contributions or favours;
- Membership of some societies or organisations.

Some examples of potential, real or perceived, conflicts of interest are:

- You are a director of a building supplies firm and the board to which you are seeking appointment conducts regular procurement exercises for building materials. You could benefit personally from decisions taken by the board.
- You are a manager in a voluntary organization, whose funding applications are considered by the board to which you are seeking appointment. The body for which you work could benefit financially from decisions taken by the board.
- You are a director of a pharmaceutical company and the board to which you are seeking appointment will be directing policy on medical research. Your company could have access to information, which would give them a commercial advantage over their rivals.
- You have, in the past, contributed significant funds to the political party to which the appointing Minister belongs. Your appointment could be viewed as a reward for past favours.

In other words, no-one should use, or give the appearance of using, their public position to further their private interests. This is an area of particular importance, as it is of considerable concern to the public and receives a lot of media attention.

The above are examples only, so you should consider carefully your own circumstances to gauge whether or not a real, or perceived, conflict might exist.

Disqualification for appointment:

There are circumstances in which an individual will not be considered for appointment. They include:

- People who have received a prison sentence or suspended sentence of 3 months or more in the last 5 years;
- People who are the subject of a bankruptcy restrictions order or interim order;
- In certain circumstances, those who have had an earlier term of appointment terminated;
- Anyone who is under a disqualification order under the Company Directors Disqualification Act 1986;
- Anyone who has been removed from trusteeship of a charity