

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

BANK OF ENGLAND AND FINANCIAL SERVICES BILL [*LORDS*]

Second Sitting

Tuesday 9 February 2016

(Afternoon)

CONTENTS

CLAUSES 8 to 11 agreed to, one with amendments.
Adjourned till Thursday 11 February at half-past Eleven o'clock.
Written evidence reported to the House.

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Saturday 13 February 2016

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY
FACILITATE THE PROMPT PUBLICATION OF
THE BOUND VOLUMES OF PROCEEDINGS
IN GENERAL COMMITTEES

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The Committee consisted of the following Members:*Chairs:* MR GRAHAM BRADY, † PHIL WILSON† Baldwin, Harriett (*Economic Secretary to the Treasury*)† Burgon, Richard (*Leeds East*) (Lab)† Caulfield, Maria (*Lewes*) (Con)† Cooper, Julie (*Burnley*) (Lab)† Donelan, Michelle (*Chippenham*) (Con)† Fysh, Marcus (*Yeovil*) (Con)† Hall, Luke (*Thornbury and Yate*) (Con)† Kerevan, George (*East Lothian*) (SNP)† McMahon, Jim (*Oldham West and Royton*) (Lab)† McGinn, Conor (*St Helens North*) (Lab)† Mak, Mr Alan (*Havant*) (Con)Mann, John (*Bassetlaw*) (Lab)† Marris, Rob (*Wolverhampton South West*) (Lab)† Mullin, Roger (*Kirkcaldy and Cowdenbeath*) (SNP)† Newton, Sarah (*Truro and Falmouth*) (Con)† Skidmore, Chris (*Kingswood*) (Con)† Tolhurst, Kelly (*Rochester and Strood*) (Con)† Wood, Mike (*Dudley South*) (Con)Matthew Hamlyn, Fergus Reid, *Committee Clerks*† **attended the Committee**

Public Bill Committee

Tuesday 9 February 2016

(Afternoon)

[PHIL WILSON *in the Chair*]

Bank of England and Financial Services Bill [Lords]

Clause 8

MONETARY POLICY COMMITTEE: PROCEDURE

2 pm

Question proposed, That the clause stand part of the Bill.

The Economic Secretary to the Treasury (Harriett Baldwin): The clause is the last one to do with the governance of the Bank of England; the others we covered this morning.

The clause amends the existing statutory requirement to publish the Monetary Policy Committee minutes within six weeks of the occurrence of the meeting so that they will be published as soon as is reasonably practicable. That, too, was a recommendation of the Warsh review, which set out that it would improve “effective communication” of the MPC’s policy judgment and stated:

“Publishing the details of the vote contemporaneously would bolster individual members’ independence and accountability.”

The MPC accepted the recommendation and since last August has published the minutes of its policy meeting at the same time as its policy decision. The clause simply formalises that arrangement, enhancing the transparency and accountability of MPC practices.

The clause also reduces the number of times that the Monetary Policy Committee is required to meet each year, changing the requirement to meet at least once a month to a requirement to meet at least eight times in each calendar year and at least once in every 10-week period. That, too, is implementing a recommendation of the Warsh review, which concluded that the change would bring the Bank’s practice into line with that of

“other leading advanced-economy central banks”

and support effective policy making.

The clause also amends the quorum rules in line with the changes to the MPC membership that I set out in my remarks on clause 7. Finally, clause 8 formalises processes and strengthens procedures on conflicts of interest for the MPC that are already delivered in practice.

Richard Burgon (Leeds East) (Lab): Clearly, the decisions of the MPC are important for the financial markets. In essence, those markets may react immediately upon seeing the detailed minutes of the MPC meetings. A system in which all discussion between committee members was made public would be the ideal, because financial markets and, importantly, the general public would then understand the discussions being held behind

closed doors. Running as a distant second to that is the less desirable policy of simply producing minutes of the meeting. The minutes, however, record only a general sense of the participants’ contributions. However, we have tabled no amendments to the clauses on the Monetary Policy Committee while the former committee member David Blanchflower conducts a review commissioned by the shadow Chancellor. We look forward to returning to debate the MPC in another forum at a future date, when we will be pursuing our amendments on the measure.

Question put and agreed to.

Clause 8 accordingly ordered to stand part of the Bill.

Clause 9

AUDIT

Richard Burgon: I beg to move amendment 14, in clause 9, page 7, line 15, at end insert—

“(6A) The Comptroller may enquire into the Bank’s success in achieving its stated policy objectives but shall not enquire into the desirability of such objectives having been set.

(6B) Reports by the Comptroller into the functioning of the Bank shall be published promptly unless in the opinion of the Treasury Committee of the House of Commons such publication would be likely materially adversely to affect the stability or functioning of the UK’s financial or banking system.”

The Chair: With this it will be convenient to discuss amendment 21, in clause 11, page 11, line 30, at beginning insert—

“Subject to sections 7E(3) and 7ZA(6A) of the Bank of England Act 1998,”

I remind the Committee that if amendment 14 is withdrawn or negated, amendment 21 falls.

Richard Burgon: Here we turn to the role of the National Audit Office and the new proposals to afford the NAO power to investigate the functions of the Bank. This is a positive development, which we welcome, but it is important to get the legislation right and to ensure that no loopholes are left to prevent the NAO from conducting its necessary work.

The Comptroller and Auditor General was clearly concerned about the proposals in the Bill as published that would have allowed the court of directors a veto over the new powers for the NAO. There was significant discussion, however, at the Treasury Committee and at all stages in the other place. At the Treasury Committee Andrew Bailey said that the issue was to do with

“getting the boundary right between what is appropriate, in my view, which is value for money in terms of the way we run the Bank of England, and questioning the basis of monetary policy, which would not be in my view appropriate.”

Our amendment fits in with that, though I expect that the Government will disagree with us.

The draft memorandum of understanding that the Minister provided the other day stated that the comptroller does not expect to second-guess expert discussions by Bank officials. The amendment asserts that the comptroller may inquire into the Bank’s success in achieving its policy objectives. We believe that that does not encroach beyond the boundaries of questioning the merits of policy decisions, but would assist the National Audit

Office in ascertaining whether the Bank is delivering value for money. Amendment 21, which is consequential on amendment 14, would require that reports by the comptroller into the functioning of the Bank be published promptly to allow relevant Select Committees, should they wish, as well as other Members of the House, to make an assessment of the National Audit Office's findings.

Harriett Baldwin: We are moving on to the part of the Bill that covers the role of the National Audit Office and the publication of its reports. One of the Bill's objectives is to enhance the Bank of England's accountability and clauses 9 to 11, which allow the National Audit Office to conduct value-for-money examinations of the Bank for the first time, are key in that respect.

The independence of the Bank and of the National Audit Office, which are two vital public bodies, was carefully considered in developing the arrangements, and I believe that the clauses in the Bill strike the appropriate balance. It is probably best if I first set out some background on the important role of the National Audit Office's value-for-money studies in supporting transparency to Parliament and the public.

The National Audit Office scrutinises public spending on behalf of Parliament. It reviews whether public bodies have used public money efficiently, effectively and with economy and makes reports on those issues to Parliament. In carrying out its work, the NAO is precluded by the National Audit Act 1983 from reviewing the merits of policy objectives. That is the case in relation to all the bodies with which it currently engages and the Bill ensures that the same restriction will apply in relation to its oversight of the Bank.

That is an important point in relation to amendment 14, which I believe is unnecessary. The amendment states that

"The Comptroller may enquire into the Bank's success in achieving its stated policy objectives but shall not enquire into the desirability of such objectives having been set."

The Bill as drafted will have that exact effect. The comptroller will be free to question the Bank's success in achieving its policy objectives, but not the merits of the objectives. The Bill reinforces that by setting out specific areas in which the NAO cannot question the merits of the Bank's policy decisions. That extra protection, which has been agreed to by both the Comptroller and Auditor General and the Governor, reflects the crucial importance of protecting the independence of the Bank's policy decisions.

In all of those areas, the Bill will allow the NAO to examine the economy, efficiency and effectiveness of the implementation of policy decisions and of the resources underpinning them, but not the merits of the decisions themselves. Specifically, the Bill carves out the merits of policy decisions taken by the Monetary Policy Committee, the Financial Policy Committee and the Prudential Regulation Committee, the merits of policy decisions taken by the body within the Bank responsible for the supervision of financial market infrastructures and the merits of policy decisions taken by the body within the Bank responsible for the exercise of its resolution functions, but where the Bank has used its statutory resolution powers in relation to a financial institution in difficulty, the NAO would be able to consider any resolution policy decisions relating to the institution concerned. That is particularly important given that the

Bank is now the resolution authority for the UK and has primary operational responsibility for financial crisis management. In future, therefore, the NAO will be able to examine the role of the Bank in interventions like Northern Rock—it is a shame that the hon. Member for Bassetlaw is not in his place to hear that exciting news. That bespoke arrangement recognises the unique and crucial role that the Bank plays in UK economic policy. I believe that it strikes the right balance and will bring about a significant improvement in the Bank's accountability.

The second part of amendment 14 would require the comptroller to publish reports promptly, unless the Treasury Committee judges that publication was likely to have a material adverse effect on financial stability. Again, I submit that that is unnecessary. Adequate protections are already built into the legislation to prevent the disclosure of certain types of sensitive information. Proposed new section 7H of the Bank of England Act 1998, inserted by clause 11, will ensure that the comptroller is subject to the same limitations on disclosure as the FCA in relation to information received by the Bank. Those limitations are set out in the Financial Services and Markets Act 2000 and will restrict the NAO from disclosing information held by the Bank for the purposes of monetary policy; financial operations intended to support financial institutions for purposes of financial stability; and the provision of private banking services.

Furthermore, the subject of sensitive information is covered by the memorandum of understanding between the NAO and the Bank, which ensures that there is a codified agreement between them on how sensitive information should be treated. It makes it clear that there may be instances in which the Bank is prohibited from disclosing information. Where that is the case, it will explain why that is the case to the comptroller. The memorandum also makes it clear that there may be situations in which the Bank is able to disclose information to the comptroller but legal restrictions apply to onward disclosure or publication.

In terms of the timing of publication, Parliament has rightly delegated to the comptroller discretion over the content of NAO reports and the timing of their publication. He acts independently on Parliament's behalf, and it is important that he is able to use his judgment on how Parliament and the public are best served.

I hope that I can reassure the Committee by saying that once the comptroller has signed off a report for publication, there is an in-built incentive to lay it in Parliament and publish it within a short timeframe. Prompt publication mitigates the risk of the report's conclusions being overtaken by events. Moreover, the process from completing the report to publication is very simple. Typically, it takes between two and four days, but it can be speeded up if required.

Amendment 21 seeks to disapply the restrictions on the disclosure of specially protected information that the National Audit Office has received from the Bank for certain reports by the Comptroller and Auditor General. As I have said, information is specially protected from time to time if it is held by the Bank for the purposes of monetary policy or for financial operations supporting financial institutions to maintain financial stability. A good example, which we heard about this morning, is emergency liquidity assistance.

[Harriett Baldwin]

The reason why restrictions are placed on the disclosure of such information is that its publication could harm the financial stability of the UK or adversely affect the Bank's monetary policy operations. A report by the NAO on the extent to which the Bank has achieved its financial stability objective could, in fact, be destabilising if, for example, it revealed market-sensitive information about financial operations undertaken by the Bank to preserve financial stability in a particular period.

I trust that all Committee members will agree that those restrictions on disclosure are entirely appropriate and, indeed, vital. I urge the hon. Gentleman not to press his amendment.

Richard Burgon: My colleagues and I have listened to what the Minister has said. She went, with characteristic detail, into the Government's position on this matter. My hon. Friend the Member for Bassetlaw, who is not in his place, scolded or praised me—I do not know which—for moderation earlier. We did not press our amendment to a Division on that occasion, but having listened to what the Minister has said, and because transparency is a key principle when it comes to the work of the Bank of England and we want to expand that transparency, we seek a Division on amendment 14.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 10.

Division No. 1]

AYES

Burgon, Richard	McMahon, Jim
Cooper, Julie	McGinn, Conor
Kerevan, George	Mullin, Roger

NOES

Baldwin, Harriett	Mak, Mr Alan
Caulfield, Maria	Newton, Sarah
Donelan, Michelle	Skidmore, Chris
Fysh, Marcus	Tolhurst, Kelly
Hall, Luke	Wood, Mike

Question accordingly negatived.

Clause 9 ordered to stand part of the Bill.

Clause 10

ACTIVITIES INDEMNIFIED BY TREASURY

2.15 pm

Richard Burgon: I beg to move amendment 15, in clause 10, page 7, line 37, at end insert—

“(6A) The Treasury must lay before Parliament a copy of any report it receives under subsection (5) within one calendar month of receipt.”

As the Bill reads, clause 10 applies where the Treasury gives an indemnity or guarantee to the Bank in respect of an activity or series of activities that it undertakes. Our amendment 15 simply seeks to maximise transparency and accountability with regard to this by requiring the Treasury to publish a copy of such a report within a reasonable timeframe. We hope that the Government will accept this amendment.

Harriett Baldwin: If I may, I will speak to clause 10 at the same time as speaking to amendment 15. Clause 10 obviously defines the process which will deliver greater oversight of activities undertaken by the bank or a company of the bank, where that activity has been indemnified by the Treasury. In such circumstances, the Treasury takes on the risk of the activity and will bear any associated losses. It is right that the Bill allows for full NAO oversight of these activities.

The occasions on which the Treasury grants an explicit indemnity to the Bank of England are very rare. Examples include the provision of emergency liquidity during the financial crisis and, more recently, the asset purchase facility, which is the vehicle by which the Bank of England has purchased £375 billion of Government bonds to deliver the Monetary Policy Committee's quantitative easing policy. Clearly, these are very different examples. The former relates to an operation undertaken on the Bank's balance sheet to provide assistance to an institution in distress. The latter case is an example of an activity undertaken by a subsidiary company of the Bank. Given the Bank's varied role, it is difficult to predict every circumstance in which an indemnity of a Bank activity might be considered necessary in the future. Clause 10 allows for discretion to be applied to each case of indemnified activity. In some circumstances a financial audit may not be required. However, the objective of this clause is clear. It will facilitate greater accountability of indemnified activities where this is appropriate.

Amendment 15 would require the Treasury to lay a report on activity indemnified by the Treasury before Parliament one calendar month after receiving it from the Bank. Let me say first that Treasury indemnities of specific Bank activities are very rare. I have cited a couple of examples. In the example of the provision of emergency liquidity during the financial crisis, clearly the information being shared between the Bank and the Treasury would have been extremely sensitive. It would have included commercially confidential material and potentially information that put at risk the stability of the wider financial sector. It is clear from just that one example that publishing a report of this kind could really work against the public interest in the future, especially if the Treasury were bound by a specific statutory deadline. The Treasury must retain that flexibility over whether and when such reports should be published. I urge the hon. Gentleman to think hard about that and withdraw the amendment, while urging the Committee to agree that clause 10 stand part of the Bill.

Richard Burgon: I mentioned earlier the possibility of compromise on the part of the Government when it comes to balancing the protection of information they believe needs to be confidential because of financial risk with the requirement for transparency. I mentioned the practice of having some matters under the line and some over the line in local authorities and on boards of school governors. I encourage the Government to think further about that possibility in relation to the areas where transparency has been requested. We reserve the right to return to the matter on Report but I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 10 ordered to stand part of the Bill.

Clause 11

EXAMINATIONS AND REVIEWS

Harriett Baldwin: I beg to move amendment 1, in clause 11, page 9, line 11, at end insert—

“(b) the economy, efficiency and effectiveness with which a Bank company has used its resources in discharging its functions.”

Amendments 1, 2 and 3 extend inserted section 7D of the Bank of England Act 1998 to enable the Comptroller and Auditor General to examine the economy, efficiency and effectiveness of Bank companies, as well as the Bank itself. “Bank company” is defined by amendment 3.

The Chair: With this it will be convenient to discuss Government amendments 2 to 6.

Harriett Baldwin: Mr Wilson, you will have to bear with me, because we have quite a few Opposition amendments to this clause to cover and I will seek your guidance on when you would like me to touch on those. I will start with Government amendment 1 and move on to Government amendments 2 to 6.

The Chair: Can I just ask you to stick to the first group of the Government amendments? We can then move on after that debate.

Harriett Baldwin: Thank you, Mr Wilson. That is what I am trying to do. I am just buying some time while I go through great wedges of paper here, to ensure that I do not rush ahead.

I will speak to Government amendments 1 to 6 on National Audit Office oversight of Bank subsidiaries. As we know, the Bill makes provision for the first time for the NAO to initiate its value-for-money studies of the Bank of England. As we have discussed, that delivers an important increase in the accountability of the Bank and its operations. The intention in the Bill was to grant the NAO these powers to the Bank in the broadest sense, subject to the bespoke policy carve-out, which also features in the Bill, protecting the independence of the Bank’s policy decisions, but as the Bill is drafted, the NAO’s powers to conduct value-for-money examinations in relation to companies owned by the Bank differ from its powers to conduct value-for-money examinations of the Bank itself. That was not the Government’s policy intention. The amendments will ensure that the NAO’s value-for-money powers apply on the same terms to the Bank, its subsidiaries and other Bank companies that are indemnified by the Treasury.

I will briefly outline the inconsistencies that arise through the current drafting. First, the NAO would have powers to conduct value-for-money examinations of Bank companies that have been indemnified by the Treasury only where the Treasury has directed the company concerned to send its accounts to the NAO, as provided for in section 7C of the Bank of England Act 1998, inserted by clause 10 of this Bill, and the NAO’s examination would be made under the powers given to it in section 6 of the National Audit Act 1983. Those NAO examinations would not, therefore, be subject to the bespoke policy carve-out that has been defined in the Bill. Secondly, under the Bill as drafted, subsidiaries or companies of the Bank that do not benefit from a Treasury indemnity would not be within the scope of NAO examination.

I hope that the Committee agrees that we should make the NAO’s power to initiate value-for-money examinations applicable on the same terms across the Bank, its subsidiaries and other companies indemnified by the Treasury in which the Bank has a minority interest. The amendments seek to do just that.

Richard Burgon: Having considered this matter and listened to the Minister’s detailed explanation, I can confirm that we will not oppose amendment 1.

Amendment 1 agreed to.

Amendments made: 2, in clause 11, page 9, line 12, leave out

“of the Bank (however described)”

and insert

“(however described) of the Bank or the Bank company”

Amendment 3, in clause 11, page 10, line 3, at end insert—

““Bank company” means—

- (a) a company which is a subsidiary undertaking of the Bank, within the meaning of section 1162 of the Companies Act 2006;
- (b) a company not within paragraph (a) in respect of which a direction under section 7C(2) has effect;”

Amendment 4, in clause 11, page 10, line 16, at end insert “or a Bank company” —(*Harriett Baldwin.*)

This amendment extends inserted section 7D(11) of the Bank of England Act 1998 (which provides that section 6 of the National Audit Act 1983 does not apply to the Bank) to Bank companies. Section 6 provides for economy, efficiency and effectiveness examinations by the Comptroller and Auditor General.

Richard Burgon: I beg to move amendment 16, in clause 11, page 10, line 19, at end insert

“and the Comptroller must lay a copy of the first memorandum of understanding to be prepared, and of any subsequent revisions, before both Houses of Parliament”.

The Chair: With this it will be convenient to discuss the following:

Amendment 17, in clause 11, page 10, line 26, after “procedure” insert

“which may be reviewed by the Treasury Committee of the House of Commons”

Amendment 18, in clause 11, page 10, line 32, at end insert—

“(3) The Comptroller must lay before Parliament a copy of the Memorandum within one calendar month of its preparation.”

Amendment 19, in clause 11, page 10, line 32, at end insert—

“(4) The Treasury Committee of the House of Commons may in its absolute discretion enquire into the genesis and contents of the Memorandum.”

Richard Burgon: There was significant discussion of the extent to which the Comptroller and Auditor General is to be involved in the audits of the Bank during the Treasury Committee autumn hearings attended by the Chancellor and the Governor of the Bank of England and at various stages of the Bill’s passage through the other place. From statements made by the National Audit Office’s chair, Lord Bichard, and from the Chairs of the Treasury Committee and the Public Accounts

[Richard Burgon]

Committee, I am aware that positive movement is believed to have been made following significant early criticism.

On Report in the House of Lords, the Government spokesperson said that

“to protect the Bank’s independent status the Bill provides for a policy carve-out from the scope of NAO value-for-money reviews”—
[*Official Report, House of Lords*, 15 December 2015; Vol. 767, c. 1996.]

and that there had been significant discussions between the Bank, the NAO and the Treasury. We welcome the removal of the original proposal to allow the court a veto over NAO investigations. I thank the Minister for forwarding to my office yesterday a copy of the memorandum of understanding being discussed by the Bank and the NAO. I understand that it may be approved or finalised in the days ahead. I stated on Second Reading that I had written to the Minister asking that the memorandum be published during the lifetime of the Bill, and she acknowledged in her response that that would be her preference, so I am pleased that that has been possible.

I believe the draft memorandum has been circulated only to members of this Bill Committee—I hope the Minister will correct me if I am wrong and it has been seen anywhere else. We tabled amendment 16 to require that the memorandum be published and laid before both Houses of Parliament, which it appears will now happen. I also recognise that amendment 18 is somewhat repetitious on this point. We may require further discussion on the draft memorandum on Report. When it appears, it will have been finalised or approved by all parties to it. My initial reading of the draft memorandum is that it does not move us on significantly, in that both sides are able to publish letters that set out whether they agree with each other’s proposals to carry out or refuse an investigation, but there is no clear information in the memorandum on how such a dispute would be resolved. Of course, resolution is key in such matters.

We tabled amendments 17, 19 and 20 to allow for further scrutiny of the dispute procedure. It is our view that a role for the Treasury Committee could be a useful one, where such a dispute was left unresolved and it was clear the procedure was not working.

2.30 pm

George Kerevan (East Lothian) (SNP): I speak as a member of the Treasury Committee, although obviously I do not speak for the Committee. I remind the Minister of the Committee’s view that one of our principal roles is to protect value for money on behalf of the taxpayer. Regulatory bodies are often, for very good reasons, concerned with regulating and may be remiss when it comes to consideration of value for money. This is particularly important because regulatory functions have to be carried out effectively, and there is a cost in terms of resources: sometimes regulators do not have these resources, and sometimes resources are put in in the wrong way. The Select Committee is keen to ensure that the auditor plays a distinct and effective role. I underline to the Minister that, regardless of formal decisions here, the Treasury Committee has an ongoing brief to ensure that the relationship between the Bank and the auditor runs smoothly and the auditor is allowed to do his business.

Harriett Baldwin: I thank the hon. Member for Leeds East for his good summary of the deliberations so far on this. As I said in my letter to him last week, I did push both the Comptroller and Auditor General and the Governor on whether or not they would allow the draft memorandum of understanding to be shared with this Committee. I confirm that yesterday we were able to send copies of that draft memorandum of understanding to all members of this Committee, the Chair of the Treasury Committee and the Chair of the Public Accounts Committee, which of course scrutinises and works most closely with the National Audit Office. That is the extent to which the draft memorandum of understanding has been shared at this point.

The expectation, as I understand it, is that the court will meet on Thursday, and that is the forum in which amendments to the current draft may be suggested or approved. I assure hon. Members that as soon as we have the final version, the memorandum can be more widely disseminated—certainly in time for Report and Third Reading. Amendments 16 and 18 are therefore not necessary.

Amendments 17 and 19 would give the Treasury Committee express powers to consider various aspects of the memorandum. I am sure that the hon. Members for East Lothian and for Bassetlaw know that the Treasury Committee already has the power to examine all matters connected with the policy and administration of the Bank of England and can choose what inquiries it undertakes. In addition, the National Audit Office works closely with the Public Accounts Committee, so one can imagine conversations taking place between the Chairs of those two very important Committees about what aspects they want to look at. If the Treasury Committee or indeed the Public Accounts Committee determines that it would be appropriate to conduct an inquiry into the memorandum of understanding, it could do so. The amendments might suggest that the powers of the Select Committees to conduct inquiries are in some way limited to those powers that have expressly been given to them in this primary legislation. That would be an unfortunate suggestion, so I hope that the amendments will not be pressed.

The hon. Member for Leeds East asked about arbitration in a dispute resolution process. The memorandum of understanding sets out the dispute resolution process, as required by the Bill, but we should not expect that process to be called upon. We expect that the Comptroller and Auditor General would be able to reach an agreement with the Bank regarding his work, in the same way that he does with all the other public bodies with which he engages. The dispute resolution process set out does not call upon any independent arbiter. The draft document simply indicates that the Bank and the Comptroller and Auditor General are both content with attempting to resolve any disputes between themselves, and that they commit to the publication of their difference of view where any disputes remain unresolved. If this is a framework with which they are both content, I do not see any need to involve a third party in that process. When we have received the final version of the memorandum of understanding and are considering the Bill again on Report, I am sure that we will return to this question. On that basis, I urge the hon. Gentleman to withdraw the amendment.

Richard Burgon: Again, I welcome the Minister's confirmation that the court will consider the draft memorandum further on Thursday and that it will be approved or amended that day. I also welcome the fact that the final version will be more widely circulated in time for Third Reading and Report. We recognise that events have overtaken our amendments and therefore will not pursue them. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Richard Burgon: I beg to move amendment 20, in clause 11, page 11, line 6, after "must" insert "promptly".

We wish to make the point that we need the report to be published promptly. Otherwise, for example, the Treasury Committee, with all its expertise, cannot review using its powers, as the Minister has just referred to.

Harriett Baldwin: With regard to amendment 20 and the Treasury value-for-money reports, new section 7F of the Bank of England Act 1998, which is inserted by clause 11, preserves the existing power for the Treasury to commission value-for-money reviews of the way the functions of the Prudential Regulation Authority are exercised by the Bank. There is an equivalent power for the Treasury to commission such reviews of the functions of the Financial Conduct Authority. Taken together, these important powers ensure that the Treasury can carry out cross-cutting reviews of the operation of financial regulation in this country.

Amendment 20 would require the Treasury promptly to lay before Parliament any reports it receives following reviews into the PRA. It is, of course, vital that those reports are made available to Parliament to inform its deliberations into the regulation of financial services. Indeed, the Treasury is already required to lay reports into the operation of the PRA and the FCA before Parliament and to publish them. I assure the hon. Gentleman that the Treasury takes its obligations to this House very seriously and is concerned to fulfil them in good time. I am happy to confirm that any such reports will indeed be promptly laid before the House. There is no need for that requirement to be in the Bill.

Richard Burgon: I welcome the Minister putting on the record her desire for the reports to be published promptly. I would welcome it even more if she would, therefore, accept the amendment in order to insert the word "promptly" into statute. That would be one of many pieces of history that I am sure she will make in her role of shadow City Minister.

Harriett Baldwin: Actual City Minister.

Richard Burgon: I do apologise for the role reversal. I was even called a moderate today so we are getting confused, although I am most moderate. I invite the Minister to reconsider her position on the amendment. Or shall I assume, unless she intervenes, that the matter is closed?

Harriett Baldwin: I am afraid the hon. Gentleman has not convinced me at this stage. I am sure we will return to this on Report.

Richard Burgon: Like the Minister, we have put on record our thoughts on this matter. Although we reserve the right to return to it at a later stage, we will not be pushing for a vote, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: 5, in clause 11, page 11, line 20, leave out "only".

Amendments 5 and 6 amend inserted section 7G of the Bank of England Act 1998 to provide that where the Comptroller is examining a Bank company under inserted section 7D, he will have access to documents and information held by that company and its auditors.

Amendment 6, in clause 11, page 11, line 24, at end insert—

'() In the case of an examination under section 7D(1)(b), subsection (1) also applies to documents in the custody or under the control of—

(a) the company to which the examination relates;

(b) the auditor or auditors of that company."—(*Harriett Baldwin.*)

Question proposed, That the clause, as amended, stand part of the Bill.

Harriett Baldwin: At this point I will simply commend clause 11 to the Committee. I cannot be certain of the Committee's enthusiasm, but I cannot imagine that anyone disagrees with a clause that will increase the Bank's accountability while protecting its independent status and recognising the complex nature of its activities. The clause, as amended, will achieve that.

Question put and agreed to.

Clause 11, as amended, accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—(*Sarah Newton.*)

2.42 pm

Adjourned till Thursday 11 February at half-past Eleven o'clock.

Written evidence reported to the House

BoE 01 Institute of Directors