

Terms of Reference for the Independent Evaluation Office

Purpose

The Bank of England has been granted wide-ranging powers, and can only succeed in fulfilling its mission if it is robustly governed and fully accountable to the public that it serves. Court, as the Bank's Board, is responsible for oversight and governance of the Bank and, more broadly, for the success of the institution. Court reviews and reports on all aspects of the Bank's performance, supported by the Independent Evaluation Office (IEO).

The IEO, which formally came into being in September 2014, is a core initiative of the 'Open and Accountable' pillar of the Bank's Strategic Plan. Its overarching objective is to support Court in its governance responsibilities and in enabling the Bank to operate more effectively across the full range of its policy areas. It provides Court with objective assessments of the performance of the Bank's policy functions, making recommendations on any improvements. In so doing, the IEO aims to build public trust in the Bank, and to strengthen the institution's culture of learning.

Structure / accountabilities

The IEO reports directly to the Chair of Court, to whom it is accountable. The Chair, typically in consultation with Court, is responsible for setting the remit, the direction and work programme for the IEO.

The IEO, led by a Director, consists of a small permanent team who are recruited for their knowledge of, and expertise in, the Bank's core policy functions. The core team is supplemented as needed – both with seconded Bank staff and, where appropriate, with external expertise.

Scope of responsibilities / approach

In line with Court's responsibilities, the IEO works across all of the policy areas which support the Bank in promoting its objectives for monetary and financial stability, including the objectives of the PRA. The Bank's policy decision-making committees and bodies include the statutory committees of the Bank (the Financial Policy Committee, the Monetary Policy Committee and the Prudential Regulation Committee¹); the committees and bodies exercising statutory functions in relation to financial market infrastructure and resolution; and other committees and bodies exercising a variety of statutory and non-statutory functions. There may also be instances where it is appropriate for the IEO to evaluate, or to support the

¹ Currently the PRA Board as governing body of the PRA. Upon commencement of provisions of the Bank of England and Financial Services Act 2016, the PRA will be brought into the Bank, acting through a new statutory Prudential Regulation Committee.

external evaluation of, the performance of more operational areas of the Bank's work with links to policy.

The IEO's work focuses primarily on the quality of the inputs into, the infrastructure supporting, and the outputs of policy areas, as opposed to the decisions made by the policy committees. The IEO may, however, conduct retrospective reviews of decisions taken by policy committees.

The mainstay of the IEO's work is anticipated to be planned, in-depth performance evaluations. The IEO aims to conduct around two in-depth evaluations of the Bank's work per year. If requested by Court, the IEO will also conduct, or provide support for, any urgent (intra-year) evaluations. In that event, the Director will establish whether Court approval should be sought for other parts of the agreed IEO work programme to be rescheduled and/or for additional, temporary resources for the IEO to be authorised.

In addition to in-depth performance evaluations, the IEO seeks to improve regular reporting lines between local business areas and Court, with a view to assisting Court in fulfilling its duties to oversee and improve further the performance of the Bank.

The IEO has unrestricted access to those Bank records that it considers necessary to carry out its work. It also is free to engage with all relevant Bank colleagues, although the IEO commits to doing so in a way that minimises the risk of disruption to colleagues' day-to-day work.

Co-ordination with other oversight activities

The work of the IEO is intended to complement the review and evaluation work undertaken elsewhere in the Bank – including by Internal Audit, by local management and by the Supervisory Oversight Function of the PRA. It is expected to co-ordinate with these other internal oversight functions to eliminate unnecessary duplication and undue burden on the work of local business areas.

The IEO is also mindful of the role of the National Audit Office (NAO) in respect of the Bank, as set out in section 7D of the Bank of England Act 1998². The IEO will ensure that its current and proposed future work plans, reviews and reports are made available to the NAO in a timely manner, thereby aiding the NAO with the planning of its work programme.

Publication

There is a presumption that in-depth evaluations conducted by the IEO will be published, with a response (if appropriate) from the relevant business areas, unless there are public interest grounds for withholding. The final decision on publication of IEO work rests with the Chair of Court.

Terms of Reference approved by Court: February 2016.

² The provisions concerning the Comptroller and the Bank were inserted into the 1998 Act by the Bank of England and Financial Services Act 2016.