Dear Chair,

Thank you again for the opportunity to discuss the NAO's report on 'Managing the Bank of England's Central Services' at the Public Accounts Committee on 21 January. I committed to following up on a number of matters that we discussed during the course of the hearing and have sought to address these in the information that follows.

**Diversity**

The Bank is working to build a more inclusive culture and to better represent the people of the UK that it serves. We have made progress since first setting targets - female representation in our senior roles has increased from 17% in 2013 to 32% at end-December 2018. BAME representation across the Bank has improved from 13% to 18% for the same period. But we know we still have more progress to make. At the hearing, a figure of 38% was quoted for the percentage of BAME colleagues who left the Bank as a proportion of our overall leavers. I didn't recognise this figure and queried the report from which it was taken. Having now reviewed that, I believe the figure of 38% related to the percentage of female colleagues who left the Bank as a proportion of our overall leavers (in the year to February 2018). The percentage of colleagues who left and who were declared BAME was 23%. We know we can do more to improve the retention of BAME staff and, as mentioned at the hearing, we have scheduled a discussion on this at our Court meeting in February.

**Specialist roles and promotions**

We were asked if we were concerned that we were promoting too many specialists and therefore have too many people overqualified for their roles. We don't believe so. In 2018, our specialist promotions - “In-Role Promotions” (IRPs) - totalled only 47, representing just over 1% of our workforce and around 8% of our total promotions in the same year. IRPs are used where an individual has developed deep technical or subject matter expertise. Given this expertise, the individual will typically have been performing to a level that is equivalent to the expectations of the next scale. The introduction of IRPs was a specific recommendation of the 2012 “Stockton” Review in order to increase specialism rather than incentivise all staff to move for a promotion. And we are confident they do offer the opportunity for technical experts to progress, whilst we still recruit specialists externally too. I was asked about lateral entry into the organisation and can confirm we recruited 499 experienced hires into the Bank in 2018 (out of 641 total external hires), with the remaining 142 being our graduates, school leavers and apprentices.

---

1 Bank of England 2017/18 Annual Report
Resignation rates
I was asked about resignation rates across the Bank and said they were just under 8%. More precisely, it is currently 7.5%. Although some areas of central services are higher than this, the average for Central Services is lower than this rate, at 5.7%, rather than slightly higher as I stated during the hearing.

Central Services Target Operating Model
At the hearing we discussed our work to transition to a ‘roles based’ organisation and to develop a Target Operating Model for Central Services. You expressed an interest in seeing our new structure for Central Services. I will be in a position to share that with the Committee later this year.

In the course of this part of the hearing you asked whether the Bank would have the appetite to make redundancies if the new operating model dictated them. Our records show there were a small number of redundancies in 2018, less than 10 in total. These spanned a few different areas in the Bank and were for various reasons, for example restructuring.

Gym membership
Wellbeing is a well-established working practice at the Bank and we take a broad approach. Our think well, live well, be well identity is a way of looking at the different aspects of wellbeing - psychological, physical and social wellbeing. We encourage all staff to seek help when it is needed, to take steps to proactively look after their own wellbeing, and to support colleagues. This includes offering in-house counselling, a 24 hour Employee Assistance Programme and use of our gym facilities. In response to the Committee’s question, our Threadneedle Street Gym membership is 1,522 (around 36% of all staff).

Debden costs
To clarify the discussion on costs of our printing work: the numbers in Figure 4 of the NAO's report relate to the Bank’s property costs, which include the Debden site. The Debden site is used by the Bank of England for various functions, but it is also sub-let to third parties, one of which is our banknote printer, De La Rue. Efforts are actively made to generate income from sub-letting space, including increasing the amount of space available for sub-letting by rationalising and consolidating existing staff usage where feasible.

The figures in the report therefore show the total cost of maintenance and operational property running costs of Debden: these are shown as direct costs £10.087 million. £6.826 million is recovered via income through the sub-letting of space to third parties. This includes our charge to De La Rue for the space occupied to print banknotes. The rest of the building is used predominantly by Bank of England staff for banknote research, design and processing activities, and as a contingency site for us and other. The costs of these functions, including the property costs associated with undertaking them, are part of the costs of banknote production, and therefore fully recovered through seignorage.²

Property Strategy and future of Roehampton
I can confirm that the Bank's Court of Directors are meeting mid-February to discuss our long-term Property Strategy, which includes the issue of the future of Roehampton. We shared our thinking on this with the NAO during their field work.

Cyber recruitment
We talked of the importance of the Bank continuing to be resilient in the face of cyber security threats. A key element of this is ensuring we have the right people with the right skills - and that we create the best environment through which they can build their careers, maintain their work life balance and produce their best work.

I can confirm that we don’t currently have issues in cyber recruitment, and the attrition rate in our cyber teams of 6.7% is below our Bank-wide average. What we offer in terms of our working culture and benefits, such as flexible working and in house wellbeing facilities, are important factors in this. We offer

² Seignorage: the income earned from issuing banknotes and investing the proceeds in interest-yielding assets
colleagues an opportunity to work very closely with other national and international bodies in cyber (such as the National Cyber Security Centre), so there is a real purpose to their work. While we are not able to pay equivalent salaries to the private sector, we benchmark fairly, and rely on our empowering culture and inclusive work environment to recruit and retain cyber specialists.

I hope that you find this helpful and I am very happy to provide further information on any of these topics if you and the committee would find it useful.

Best wishes,

Joanna Place
Chief Operating Officer