



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

15 March 2018

The Rt Hon Nicky Morgan MP
Chair of the Treasury Committee
House of Commons
London
SW1P 0AA

Dear Nicky

Thank you for your letter of 20 February regarding the process of appointing Sir John Armitt as the Chair of the National Infrastructure Commission (NIC).

Whilst I appreciate the Committee's views on the process for Sir John Armitt's appointment, I remain firmly of the view both that Sir John is the best choice for the role, and that the appropriate processes were followed given the NIC's urgent need for stable leadership as it develops the first ever National Infrastructure Assessment this year.

I have also considered your request to add this appointment to the list set out in the Cabinet Office Guidance on pre-appointment scrutiny by the House of Commons select committees. At present, the Treasury Committee's formal role in appointment processes is prescribed in statute. The Committee's role in the appointment of the Chair and Members of the Budget Responsibility Committee, who have a formal role in helping Parliament hold the government to account, is set out in the Budget Responsibility and National Audit Act 2011. The Chief Executive of the Financial Conduct Authority (FCA) is subject to pre-appointment hearings following an amendment in April 2016 to the Bank of England and Financial Services Bill. The Comptroller & Auditor General (C&AG) is also listed in the Cabinet Office's guidance. However, the C&AG is a Parliamentary office holder, with a unique role in the constitutional arrangements between government and parliament, and the specific arrangements cannot be seen as precedent for any government appointment.

The Treasury Committee has no formal role in Crown appointments such as the Governor and Deputy Governors of the Bank of England, nor in other Ministerial appointments such as the Chair at the FCA, the Chair of the Office of Tax Simplification, or members of the Bank of England's policy committees.

The NIC's role is to provide impartial, expert advice to the government on economic infrastructure, and the government believes that ministers must be solely responsible and accountable for appointments to senior public posts like the NIC Chair. I therefore do not believe that it would be appropriate or proportionate for the NIC Chair to be added to the list and subject to pre-appointment hearings. I recognise the valuable role of the

Committee in scrutinising the work of arm's length bodies, but I believe a pre-commencement hearing is sufficient and proportionate given the role of the NIC.

I can therefore confirm that time will be made available after any future competition for the NIC Chair position for the Committee to hold a pre-commencement hearing before the appointee takes up their role.

A handwritten signature in blue ink, appearing to read 'Philip Hammond', with a stylized flourish at the end.

PHILIP HAMMOND