



House of Commons
Treasury Committee

Appointment of Professor Julia Black to the Prudential Regulation Committee

Twenty-First Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 12 September 2018*

The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue and Customs and associated public bodies

Current membership

[Nicky Morgan MP](#) (*Conservative, Loughborough*) (Chair)

[Rushanara Ali MP](#) (*Labour, Bethnal Green and Bow*)

[Mr Simon Clarke MP](#) (*Conservative, Middlesbrough South and East Cleveland*)

[Charlie Elphicke MP](#) (*Independent, Dover*)

[Stephen Hammond MP](#) (*Conservative, Wimbledon*)

[Stewart Hosie MP](#) (*Scottish National Party, Dundee East*)

[Mr Alister Jack MP](#) (*Conservative, Dumfries and Galloway*)

[Alison McGovern MP](#) (*Labour, Wirral South*)

[Catherine McKinnell MP](#) (*Labour, Newcastle upon Tyne North*)

[John Mann MP](#) (*Labour, Bassetlaw*)

[Wes Streeting MP](#) (*Labour, Ilford North*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/treascom and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Sarah Rees (Clerk), Peter Stam (Second Clerk), Gavin Thompson, Marcus Wilton and Dan Lee (Senior Economists), Adam Wales (Chief Policy Adviser), Sarah Crandell (Senior Committee Assistant), Nick Berry (Committee Support Assistant), Matt Panteli (Senior Media and Policy Officer), Anne Stark (on secondment from HM Revenue & Customs), Tom Ludlow (on secondment from the Bank of England), Carolyn Draper (on secondment from the Financial Conduct Authority), and Mei Jie Wang (on secondment from the Prudential Regulation Authority).

Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is treascom@parliament.uk.

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Introduction

1. Two vacancies for external members of the Bank of England's Prudential Regulation Committee (PRC) arose as a result of Charles Randell and David Thorburn resigning their positions on the Committee.¹
2. The Treasury announced that Professor Julia Black has been appointed as an external member of the Bank of England's PRC on 18 June 2018. Her appointment takes effect from 30 November 2018 for a period of three years.²
3. This is the first time that the Committee has considered the appointments of external members to the PRC. The Committee considered the suitability of Professor Black for this role against the criteria of personal independence and professional competence.
4. The Committee took oral evidence from Professor Black on 12 September 2018. She provided a full CV and answered a written questionnaire prior to giving oral evidence. The Committee would like to thank Professor Black for this evidence, which has been published on the Treasury Committee website.³

1 HM Treasury, <https://www.gov.uk/government/news/professor-julia-black-and-jill-may-appointed-to-the-prc>, 18 June 2018

2 Ibid

3 Professor Black CV ([AJB0001](#)) and questionnaire ([AJB0002](#))

The appointment of Professor Julia Black

Background on Professor Julia Black

5. Julia Black is a Professor of Law and Pro Director of Research at the London School of Economics (LSE). She has been a visiting professor at the University of Wellington, New Zealand; All Souls College at the University of Oxford; and the University of Sydney, Australia.

6. Outside of academia, Professor Black is a Board member of the Solicitors Regulation Authority and Chair of its Policy Committee. She is also a Board member of UK Research and Innovation, and Chair of the British Academy's Audit and Risk Committee. Professor Black will leave the Board of the Solicitors Regulation Authority at the end of December 2018, as well as resigning as Pro Director of Research, to focus on her role on the Prudential Regulation Committee.

Oral evidence

7. In oral evidence, the Committee questioned Professor Black about her prior experience as well as wider questions on the role of the Prudential Regulation Authority (PRA). Topics covered during the session included:

- Regulated firms' preparedness for cyber-attacks;
- The importance of operational resilience versus financial resilience in the Prudential Regulation Committee's (PRC) regulatory assessment of firms, and the influence of the ease of measurement;
- The use of the PRA's supervisory tools and how they seek to challenge firms business models;
- Professor Black's role on the PRC including providing challenge around PRA staffing levels;
- The tolerance of the PRC around firm failure;
- The sustainability of major banks' business models in light of the rise of Fintech;
- The effects of the financial crisis on consumers and regulated firms;
- The improved resilience of regulated firms since the financial crisis and the PRA's increased focus on firm liquidity;
- The design of stress testing to ensure that it incorporates all necessary factors including operational resilience;
- The interaction between different regulators and how to avoid siloed thinking and approaches;
- Regulated firms' preparedness for the UK exiting the European Union;

- The changing culture in regulated firms including revisions to remuneration structures; and
- The role of the Senior Managers and Certification Regime (SMCR) and attestations in improving culture in financial services firms.

Conclusion

8. The Committee is satisfied that Professor Black has the professional competence and personal independence to be an external member of the Prudential Regulation Committee of the Bank of England. We wish Professor Black every success in her new role.

Formal minutes

Wednesday 12 September 2018

Members present:

Nicky Morgan, in the Chair

Rushanara Ali

Stewart Hosie

Mr Simon Clarke

Alison McGovern

Charlie Elphicke

Wes Streeting

Stephen Hammond

Draft Report (*Appointment of Professor Julia Black to the Prudential Regulation Committee*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.

Resolved, That the Report be the Twenty-First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 9 October at 2.00 p.m.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 12 September 2018

Professor Julia Black, appointed external member of the Prudential Regulation Committee

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

AJB numbers are generated by the evidence processing system and so may not be complete.

- 1 Julia Black CV ([AJB0001](#))
- 2 Julia Black appointment questionnaire ([AJB0002](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking at the Bank of England	HC 472
Second Report	Appointment of Professor Silvana Tenreyro to the Bank of England Monetary Policy Committee	HC 471
Third Report	The Solvency II Directive and its impact on the UK Insurance Industry	HC 324 (HC 863)
Fourth Report	Transitional arrangements for exiting the European Union	HC 473 (HC 850)
Fifth Report	Autumn Budget 2017	HC 600 (HC 757)
Sixth Report	Appointment of Elisabeth Stheeman to the Financial Policy Committee	HC 758
Seventh Report	Student Loans	HC 478 (HC 995)
Eighth Report	Appointment of Charles Randell as Chair of the Financial Conduct Authority and the Payment Systems Regulator	HC 838
Ninth Report	Childcare	HC 757 (HC 1196)
Tenth Report	Re-appointment of Alex Brazier to the Financial Policy Committee	HC 936
Eleventh Report	Re-appointment of Donald Kohn to the Financial Policy Committee	HC 937
Twelfth Report	Re-appointment of Martin Taylor to the Financial Policy Committee	HC 938
Thirteenth Report	The Motability Scheme	HC 847
Fourteenth Report	Re-appointment for Gertjan Vlieghe to the Monetary Policy Committee	HC 1056
Fifteenth Report	Women in finance	HC 477 (HC 1567)
Sixteenth Report	Appointment of Bradley Fried as Chair of Court, Bank of England	HC 1319
Seventeenth Report	Appointment of Professor Jonathan Haskel to the Monetary Policy Committee	HC 1318
Eighteenth Report	Appointment of Andy King to the Budget Responsibility Committee of the OBR	HC 1340

Nineteenth Report	Household finances: income, saving and debt	HC 565
Twentieth Report	Appointment of Jill May to the Prudential Regulation Committee	HC 1511
Twenty-first Report	Appointment of Professor Julia Black to the Prudential Regulation Committee	HC 1512
First Special Report	Transitional arrangements for exiting the European Union: Government Response to the Treasury Committee's Fourth Report	HC 850
Second Special Report	The Solvency II Directive and its impact on the UK Insurance Industry: Bank of England Response to the Committee's Third Report of session 2017–19	HC 863
Third Special Report	Autumn Budget 2017: Government and Office for Budget Responsibility responses to the Treasury Committee's Fifth Report	HC 757
Fourth Special Report	Student Loans: Government and Office for National Statistics responses to the Committee's Seventh Report	HC 995
Fifth Special Report	Childcare: Government Response to the Committee's Ninth Report	HC 1196
Sixth Special Report	Women in finance: Government Response to the Committee's Fifteenth Report	HC 1567