



House of Commons
Treasury Committee

The appointment of John Taylor to the Prudential Regulation Committee

Ninth Report of Session 2019–21

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

*Ordered by the House of Commons
to be printed 13 January 2021*

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.

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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

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

Committee staff

The current staff of the Committee are John-Paul Flaherty (Second Clerk), Kenneth Fox (Clerk), Peter Kitson (on secondment from the National Audit Office), Dan Lee (Senior Economist), Cat Melvin (on secondment from the Financial Conduct Authority), Aruni Muthumala (Senior Economist), Moyo Oyelade (on secondment from the Bank of England), Matt Panteli (Senior Media and Policy Officer), Baris Tufekci (Committee Operations Officer), Tony Verran (on secondment from HM Revenue & Customs), Adam Wales (Chief Policy Adviser), Maciej Wenerski (Committee Operations Manager), and Marcus Wilton (Senior Economist).

Contacts

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You can follow the Committee on Twitter using [@commonstreasury](https://twitter.com/commonstreasury).

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Introduction

1. John Taylor and Antony Jenkins were appointed as external members of the Prudential Regulation Committee (PRC) by the Chancellor on 21 December.¹ They are due to start on 14 January and 5 April respectively, filling posts that have been vacant since January and November 2020. Tanya Castell was also appointed to begin her role in September. The Committee intends to consider her appointment at a later date.
2. We took evidence from Messrs Jenkins and Taylor on 13 January 2021. They each provided a full CV and answered our questionnaire prior to giving oral evidence. The Committee thanks them for their evidence.
3. In this Report, we have considered the suitability of Mr Taylor against two criteria—the appropriate personal independence and professional competence to undertake the role of an external member of the PRC.
4. We were given short notice of Mr Taylor’s appointment ahead of his taking up his post on 14 January. As a result, the Committee has been given very little scope to conduct pre-commencement scrutiny, including written scrutiny ahead of the oral hearing. The Chair of the Committee has written to the Economic Secretary to the Treasury to explain that we expect greater notice of any similar appointments in the future.²

1 <https://www.gov.uk/government/news/john-taylor-antony-jenkins-and-tanya-castell-appointed-to-the-prudential-regulation-committee>

2 <https://committees.parliament.uk/publications/4127/documents/40817/default/>

1 The appointment of John Taylor

Background on John Taylor

5. John Taylor has been appointed for a three-year term starting on 14 January 2021.
6. Mr Taylor is currently the immediate Past President at the Institute & Faculty of Actuaries and Chair of the Scottish Financial Risk Academy. Previously, he has held senior roles at NEST, Lloyds Banking Group and Standard Life.

Our evidence

7. In oral evidence, we questioned Mr Taylor about his personal suitability for the post and the outlook for the safety and soundness of the firms regulated by the PRC. Topics covered during the session included:

- the prudential and other measures that will need to be taken by the Prudential Regulation Authority (PRA) arising from coronavirus;
- the resilience of the insurance sector in the face of coronavirus and the long-term impact;
- whether the PRC and PRA were right to take a more lenient approach to restricting dividend payments by the insurance sector than it took in the banking sector in response to coronavirus;
- his assessment of future “low likelihood–high impact” risks that regulators and financial services firms should be assessing in the light of coronavirus;
- the state of financial stability two weeks on from the end of the Brexit transition period;
- priorities for post-Brexit reforms of Solvency II regulations;
- the possible trade-offs between gaining access to the EU markets by negotiating post-Brexit equivalence determinations against the opportunities arising from greater flexibility for UK regulators;
- the implications for the Bank’s independence arising from the post-Brexit framework for financial services regulation;
- the operational resilience of financial services firms amid coronavirus, the decision to delay the PRA’s 2020 consultation on operational resilience, and the long-term impact of coronavirus on remote working in financial services;
- the PRA’s assessment of the risks to the safety and stability of financial services firms arising from climate change, and the challenge presented by ‘greenwashing’; and
- financial stability issues arising from the transition to net zero.

Conclusion

8. After taking into account his oral and written evidence, we are satisfied that John Taylor has the appropriate professional competence and personal independence to undertake the role of external member of the Prudential Regulation Committee. We wish him every success.

Formal minutes

Wednesday 13 January 2021

Members present:

Mel Stride, in the Chair

Harriett Baldwin Julie Marson
Felicity Buchan Siobhain McDonagh
Mike Hill

Draft Report (*The appointment of John Taylor 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 Ninth Report of the Committee to the House.

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

[Adjourned till Monday 18 January at 3.00 p.m.]

Witnesses

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

Wednesday 13 January 2021

John Taylor, appointee, 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.

- 1 John Taylor's CV
- 2 John Taylor's appointment hearing questionnaire

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.

Session 2019–21

Number	Title	Reference
1st	Appointment of Andrew Bailey as Governor of the Bank of England	HC 122
2nd	Economic impact of coronavirus: Gaps in support	HC 454
3rd	Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility	HC 618
4th	Appointment of Jonathan Hall to the Financial Policy Committee	HC 621
5th	Reappointment of Andy Haldane to the Monetary Policy Committee	HC 620
6th	Reappointment of Professor Silvana Tenreyro to the Monetary Policy Committee	HC 619
7th	Appointment of Nikhil Rathi as Chief Executive of the Financial Conduct Authority	HC 622
8th	Economic impact of coronavirus: the challenges of recovery	HC 271
1st Special Report	IT failures in the financial services sector: Government and Regulators Responses to the Committee's Second Report of Session 2019	HC 114
2nd Special Report	Economic Crime: Consumer View: Government and Regulators' Responses to Committee's Third Report	HC 91
3rd Special Report	Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report	HC 662
4th Special Report	Economic impact of coronavirus: Gaps in support: Further Government Response	HC 749
5th Special Report	Economic impact of coronavirus: the challenges of recovery: Government Response to the Committee's Eighth Report	HC 999