



House of Commons
Treasury Committee

The appointment of Sarah Breeden to the Financial Policy Committee

Seventh Report of Session 2021–22

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

*Ordered by the House of Commons
to be printed 19 July 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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[Rushanara Ali MP](#) (*Labour, Bethnal Green and Bow*)

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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 Jack Dent (Second Clerk), Rachel Edwards (on secondment from the Bank of England), Kenneth Fox (Clerk), Dan Lee (Senior Economist), Adam McGee (Senior Media and Communications Officer), Aruni Muthumala (Senior Economist), Moyo Oyelade (on secondment from the Bank of England), Tony Verran (on secondment from HM Revenue & Customs), Adam Wales (Chief Policy Adviser), Maciej Wenerski (Committee Operations Manager), Jesse Williams (Committee Operations Officer), 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

Our inquiry

1. This Report considers the appointment of Sarah Breeden to the Bank of England's Financial Policy Committee (FPC). The Court of the Bank of England appointed Sarah Breeden as Executive Director for Financial Stability Strategy and Risk and as a member of the Financial Policy Committee on 27 May 2021.¹
2. In this Report, we have considered the suitability of Ms Breeden against two criteria—the appropriate personal independence and professional competence to undertake the role of an external member of the FPC.
3. We took oral evidence from Sarah Breeden on Monday 19 July 2021. Sarah Breeden has provided a full CV and answered our questionnaire prior to giving oral evidence. We thank her for this evidence.

1 Bank of England, [Bank of England Executive Director and Financial Policy Committee appointment](#), 27 May 2021

1 The appointment of Sarah Breeden

Background on Sarah Breeden

4. Sarah Breeden joined the Bank of England's Financial Policy Committee on 27 May 2021, on appointment as Bank of England's Executive Director for Financial Stability Strategy and Risk.

5. Ms Breeden has worked in the Bank of England throughout her career, and joined that bank on leaving university in 1991. She has held a number of senior roles in the Bank of England, including Executive Director, UK Deposit Takers Supervision, Executive Sponsor, Climate Change, Executive Director, International Bank Supervision and Head of Division then Interim Director, Financial Stability Strategy & Risk.

Our evidence

6. In oral evidence, we questioned Sarah Breeden on the work of the FPC. Topics covered during the session included:

- the Government response to the advent of the coronavirus pandemic and how it affected the banking system;
- the FPC's assessment of whether banks can cope as Government support is withdrawn;
- whether there needs to be more regulation of cloud service providers involvement with banks and financial institutions;
- the way the counter cyclical buffer was used by banks during the onset of the pandemic in 2020;
- the circumstances when banks should use buffers;
- whether the FPC has sufficient powers;
- the Bank's approach to setting a minimum requirement for own funds and eligible liabilities (MREL) for challenger banks;
- where future financial crises might come from and what is being done by the FPC to protect the banking system;
- how the non-bank financial sector creates risk for the financial system;
- how liquidity of assets in open ended funds can be improved;
- whether regulators have sufficient powers to regulate non-bank financial institutions;
- whether the recent increase in private equity deals is a risk to the financial system;

- what the risks are to financial stability from climate change and whether she thinks there will be a single event that will trigger a climate change driven financial crisis;
- whether the levers that can mitigate risk of climate change are with the Bank of England and FPC or whether this is a Government issue, and whether the Government is doing enough to mitigate risks of climate change and ensure a smooth transition to net zero; and
- the extent to which other environmental risks, such as biodiversity, should be taken into account by the FPC when considering the risks to the financial system.

Conclusion

7. We are satisfied that Sarah Breeden has the appropriate professional competence and personal independence to become a member of the Financial Policy Committee. We wish her every success.

Formal minutes

Monday 19 July 2021

Members present:

Mel Stride, in the Chair

Rushanara Ali

Emma Hardy

Anthony Browne

Siobhain McDonagh

Felicity Buchan

Draft Report (*The appointment of Sarah Breedon to the Financial Policy Committee*) proposed by the Chair, brought up and read.

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

Paragraphs 1 to 7 read and agreed to.

Resolved, That the Report be the Seventh 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 until Wednesday 21 July at 2.00 pm.]

Witnesses

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

Monday 19 July 2021

Sarah Breeden, Executive Director, Bank of England, Member of the Financial Policy Committee, Bank of England

Published written evidence

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

- 1 [Sarah Breeden's CV](#)
- 2 [Sarah Breeden's appointment hearing questionnaire](#)

List of Reports from the Committee during the current Parliamentary session

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2021–22

Number	Title	Reference
1st	Tax after coronavirus: the Government's response	HC 144
2nd	The appointment of Tanya Castell to the Prudential Regulation Committee	HC 308
3rd	The appointment of Carolyn Wilkins to the Financial Policy Committee	HC 307
4th	The Financial Conduct Authority's Regulation of London Capital & Finance plc	HC 149
5th	The Future Framework for Regulation of Financial Services	HC 147
6th	Lessons from Greensill Capital	HC 151