



House of Commons  
Treasury Committee

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**Appointment of Ms  
Rachel Lomax as a  
Deputy Governor of  
the Bank of England  
and member of the  
Monetary Policy  
Committee**

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**Ninth Report of Session 2002–03**

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## The Treasury Committee

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

### Current membership

Mr John McFall MP (*Labour, Dumbarton*) (Chairman)  
Mr Nigel Beard MP (*Labour, Bexleyheath and Crayford*)  
Mr Jim Cousins MP (*Labour, Newcastle upon Tyne Central*)  
Angela Eagle MP (*Labour, Wallasey*)  
Mr Michael Fallon MP (*Conservative, Sevenoaks*)  
Norman Lamb MP (*Liberal Democrat, North Norfolk*)  
Mr George Mudie MP (*Labour, Leeds East*)  
Dr Nick Palmer MP (*Labour, Broxtowe*)  
Mr James Plaskitt MP (*Labour, Warwick and Leamington*)  
Mr David Ruffley MP (*Conservative, Bury St Edmunds*)  
Mr Andrew Tyrie MP (*Conservative, Chichester*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in the House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk) The Committee has power to appoint a Sub-Committee, which has similar powers to the main Committee, except that it reports to the main Committee, which then reports to the House. All members of the Committee are members of the Sub-Committee, and its Chairman is Mr Michael Fallon.

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) from Session 1997-98 onwards are available on the Internet at: [www.parliament.uk/parliamentary\\_committees/treasury\\_committee/treasury\\_committee\\_reports.cfm](http://www.parliament.uk/parliamentary_committees/treasury_committee/treasury_committee_reports.cfm).

### Contacts

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## Volume II

Oral evidence Tuesday 15 July: Ms Rachel Lomax

Questionnaire answers and CV from Ms Rachel Lomax



# Appointment of Ms Rachel Lomax as a Deputy Governor of the Bank of England and member of the Monetary Policy Committee

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## Introduction

1. As indicated in our earlier Monetary Policy Committee confirmation hearing reports of this Parliament,<sup>1</sup> we have continued our predecessors' practice—established in October 1997<sup>2</sup>—of holding confirmation hearings to establish whether those nominated to the Monetary Policy Committee (MPC) of the Bank of England<sup>3</sup> fulfilled specified criteria, namely demonstrable professional competence and personal independence of the Government. The purpose is

- to encourage the Government to appoint people with the qualities required
- to underline the independence, credibility and competence of the Bank, and
- to involve Parliament more closely in an important process.

As part of this process, it is our practice to request the candidate to complete a preliminary questionnaire prepared by the Committee.

2. Although provision for confirmation hearings was not written into the Bank of England Act 1998, and the hearings are therefore held on a non-statutory basis, the Government has recognised the position of these hearings in the appointments process.<sup>4</sup>

3. The Governor of the Bank, Sir Edward George, retired on 30 June. Mr Mervyn King, one of the Bank's two Deputy Governors, has been appointed as his successor. As Mr King has thus been an *ex officio* member of the MPC since his appointment as Deputy Governor in 1998 we did not think it necessary to hold a separate appointment hearing.<sup>5</sup> Mr King's elevation however left a vacancy as Deputy Governor and *ex officio* MPC member, to which the Chancellor appointed Ms Rachel Lomax, who took up her new post on 1 July 2003. We have accordingly held an appointment hearing in respect of Ms Lomax.

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<sup>1</sup> Fourth and Ninth Reports, Session 2001–02, HC 880 and HC 1189, and Eighth Report, Session 2002–03, HC 811.

<sup>2</sup> Accountability of the Bank of England (First Report, Session 1997–98, HC 282) paragraphs 46 and 48.

<sup>3</sup> The MPC's role is to set monetary policy so as to deliver price stability as defined by the Government's inflation target, currently 2½% for RPIX (retail price inflation excluding mortgage interest payments), and subject to that, to support the Government's economic policy, including its objectives for growth and employment (sections 11 and 12 of the Bank of England Act 1998 and see Official Report, 4 June 1998, col 329).

<sup>4</sup> See Government response to Second Report of the Lords Select Committee on Economic Affairs on *The MPC and Recent Developments in Monetary Policy*, Session 2002–03, HL 66, which noted that "Appointments to the MPC are subject to external scrutiny, *ex post*, by the Treasury Select Committee.

<sup>5</sup> The Committee instead held an evidence session with Mr King to discuss in general terms the prospects for his term as Governor, on the same day as the appointment hearing with Ms Lomax (HC, 2002–03, 1012).

## Conclusions

4. We took evidence from Ms Lomax on 15 July. This evidence, for which we are grateful, will be published shortly, together with her answers to our questionnaire and her CV.

5. Unlike all earlier appointments, Ms Lomax's career has been in the civil service, mostly in the Treasury but more recently (following a brief spell at the World Bank) as Permanent Secretary at the Welsh Office, the Department of Work and Pensions, and the Department of Transport. We therefore questioned her about the differences in approach required between her new role and her role as a civil servant, as well as—as with other candidates—her general stance on interest rate decisions and approach to such matters as deflation, imbalances in the economy, the exchange rate, and the inflation target.

6. We are satisfied that Ms Rachel Lomax fulfils the general criteria for appointment and have no doubt that she fully recognises the extra independence from government required in this post compared to that of a civil servant. We wish her every success as a Deputy of the Bank of England and member of the MPC.

# Formal minutes

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**Tuesday 15 July 2003**

Members present:

Mr John McFall, in the Chair

Mr Nigel Beard

Angela Eagle

Mr Michael Fallon

Norman Lamb

Mr James Plaskitt

Mr David Ruffley

The Committee deliberated.

Monetary Policy Committee appointments: Ms Rachel Lomax, a Deputy Governor of the Bank of England and a member of the Monetary Policy Committee, was examined.

The Committee further deliberated.

Draft Report [Appointment of Ms Rachel Lomax as a Deputy Governor of the Bank of England and Member of the Monetary Policy Committee], proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 6 read and agreed to.

*Resolved*, That the Report be the Ninth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

[Adjourned till Wednesday 16 July at the conclusion of the meeting of the Sub-committee.]

## List of Reports from the Treasury Committee since 2001

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### Session 2002–03

First Report	National Statistics: The Classification of Network Rail <i>Response: Second Special Report</i>	HC (2002–03) 154 HC (2002–03) 550
Second Report	The 2002 Pre-Budget Report <i>Response: Third Special Report</i>	HC (2002–03) 159 HC (2002–03) 528
Third Report	Split Capital Investment Trusts <i>Response: Fourth Special Report</i>	HC (2002–03) 418–I HC (2002–03) 651
Fourth Report	The Handling of the Joint Inland Revenue/Customs and Excise PFI Project <i>Response: Fifth Special Report</i>	HC (2002–03) 184 HC (2002–03) 706
Fifth Report	Annual Report for 2002	HC (2002–03) 491
Sixth Report	The UK and the Euro <i>Response: Sixth Special Report</i>	HC (2002–03) 187–I HC (2002–03) 1004
Seventh Report	The 2003 Budget	HC (2002–03) 652–I
Eighth Report	Appointment to the Monetary Policy Committee of the Bank of England of Mr Richard Lambert	HC (2002–03) 811–I

### Session 2001–02

First Report	The 2001 Census in England and Wales <i>Response: Ninth Special Report</i>	HC (2001–02) 310 HC (2001–02) 852
Second Report	Budget 2002 <i>Response: Tenth Special Report</i>	HC (2001–02) 780 HC (2001–02) 1075
Third Report	The Office of Government Commerce <i>Response: Eleventh Special Report</i>	HC (2001–02) 851 HC (2001–02) 1217
Fourth Report	Appointment to the Monetary Policy Committee of the Bank of England of Mr Paul Tucker and Ms Marian Bell	HC (2001–02) 880
Fifth Report	Banking, the Consumer and Small Businesses <i>Response: Twelfth Special Report</i>	HC (2001–02) 818 HC (2001–02) 1218
Sixth Report	The Financial Regulation of Public Limited Companies <i>Response: Thirteenth Special Report</i>	HC (2001–02) 758 HC (2001–02) 1219
Seventh Report	Parliamentary Accountability of Departments <i>Response: First Special Report [Session 2002–03]</i>	HC (2001–02) 340 HC (2002–03) 149
Eighth Report	Inland Revenue: Self Assessment Systems <i>Response: Fourteenth Special Report</i>	HC (2001–02) 681 HC (2001–02) 1220
Ninth Report	Appointment of Sir Andrew Large as a Deputy Governor of the Bank of England and Member of the Monetary Policy Committee	HC (2001–02) 1189