

Written Answers from the Treasury – Bank of England compensation

This answer reveals the huge extent of anticipated Bank of England losses on bonds they paid such high prices for. These losses are made worse by plans to sell bonds at big losses in the markets which they need not do. They should hold them to repayment on maturity.

Treasury has provided the following answer to your written parliamentary question (187009):

Question:

To ask the Chancellor of the Exchequer, how much his Department paid the Bank of England to compensate for losses on bonds last year; and what the budget for such payment is this year. (187009)

Tabled on: 02 June 2023

Answer:

Andrew Griffith:

HM Treasury has indemnified any losses or profits which emerge from the independent Monetary Policy Committee (MPC) of the Bank of England's Quantitative Easing (QE) policy. In the previous financial year (2022-2023), HM Treasury received £4,164mn in excess quarterly profits, while HM Treasury transferred £5,010mn to cover quarterly losses. The net transfers for 2022-2023 were £846mn to cover QE losses.

The future financial position of the APF is highly uncertain and will be determined by market conditions and the independent MPC's approach to sales. As outlined in this year's Mains estimate, HM Treasury has provisioned for £49,100mn of cash transfers to the Bank of England this financial year. This estimate has some conservatism built in to address the uncertainty of future cash flows, resulting in a prudent, but realistic, budget request for 2023-24.

The answer was submitted on 12 Jun 2023 at 15:34.