



National Audit Office

The UK's independent public spending  
watchdog

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## CREDIT TO BANK OF ENGLAND

Thank you for your request of 18<sup>th</sup> April 2023 in relation to HM Treasury (HMT) spending from the Consolidated Fund, under the Exchequer and Audit Departments Act 1866. You asked about the Comptroller and Audit General's (C&AG) role under the Exchequer and Audit Departments Act 1866 in authorising payments from the Consolidated and National Loans funds.

Your request was considered in accordance with the terms of the Freedom of Information Act 2000 (FOIA). Your specific request is reproduced at **Annex A** for your reference along with our response.

**Annex B** sets out the steps you may wish to take if you are not satisfied with the way we have handled your request.

We hope you find this response helpful.

Yours sincerely

**NAO FOI Team**

## Annex A

### Request for information about 'Credit to Bank of England'

#### **Freedom of Information Questions and Answers**

(Your request is in bold)

**Regarding HMT spending from the CF, under the exchequer and audits department act 1866, HMT have recently advised that; the NAO (once the C&AG is satisfied the amount is correct) sends to the Bank of England a "credit" for the authorised amount and that this "credit" acts as authorisation for the payment. Can you please advise the following:**

**1. What form does the "credit" take when sent to the BoE and what action does the Bank of England take when in receipt of such credit for example does this "credit" allow the BoE to create central bank reserves to satisfy payments into the banking system.**

**NAO response:** Payments can only be authorised from the Consolidated and National Loans funds after credit (another word for authorisation) has been granted by the National Audit Office's (NAO's) Exchequer Section, on behalf of the C&AG. At the start of this process, we receive a request to grant the credit for a particular payment from HM Treasury. We scrutinise each individual request to ensure its payment falls within the ambit of relevant statute. We then provide approval to HM Treasury on this specific request. This approval allows HM Treasury to send payment instructions to the Bank of England.

At the end of each banking working day, we prepare a statement summarising the credits issued that day which, in turn, is authorised by an accredited NAO Director on behalf of the C&AG or the C&AG himself. We then send these statements to the Bank of England as confirmation of the amounts approved by the NAO to be paid from each fund during that day.

**2. If so, are the central bank reserves created upon receipt of the NAO credit or upon the HMT instructions to debit the CF.**

**NAO response:** We are not involved in this process, neither do we hold information on the actions taken by the Bank of England in respect of central banking reserves or commercial banking relationships.

**3. If no central bank reserves are created from the credit then please explain how and with what payments are settled into the commercial banking system between the BoE and commercial banks.**

**NAO response:** The answer to this question is the same as the answer for question 2.

## Annex B

### Statement of Policy

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at [FOI.requests@nao.org.uk](mailto:FOI.requests@nao.org.uk) or by post\* to:

FOI Team, Green 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP

The Head of FOI will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

<https://ico.org.uk/> or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF