Improving Performance and Reducing Risk Within a Critical National Infrastructure Environment

Bank of England Case Study

Creating Operational Clarity Within One of the World's Largest Gold Vault Operations

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The Context

The Bank of England's gold vaults hold approximately 7,500 tonnes of gold, making them one of the world's largest physical gold repositories.

During a period when several central banks were repatriating gold reserves, operational demand increased significantly. Multiple tonnes of gold were being moved each week, whilst fulfilment lead times had grown to between one and two months.

The challenge was to improve operational performance whilst maintaining the rigorous security, control and resilience expected within a central banking environment.

The Challenge

This was not simply an efficiency programme.

Any changes needed to preserve critical security arrangements and maintain confidence in the control environment surrounding the custody and movement of high-value assets.

Success required engagement and support from:

- The Chief Cashier
- The Head of Banking
- Senior operational management
- Vault personnel responsible for day-to-day operations

There was understandable resistance to change. Existing methods had evolved over many years and were closely linked to security, control and operational confidence.

The challenge was therefore twofold:

- Improve operational performance.
- Demonstrate that improvements would strengthen rather than weaken control.

In addition, gaining access to the operation required building confidence amongst both leadership and operational teams that proposed changes would preserve the integrity of the Bank's security arrangements.

The Approach

The work focused on understanding how information signals and gold moved through the operation and identifying where complexity was creating delay, inefficiency and operational risk.

Key activities included:

- Detailed analysis of end-to-end workflows
- Observation of operational activities within the vault environment
- Engagement with senior leaders and operational teams
- Identification of bottlenecks and process constraints
- Review of information flows and operational handovers
- Analysis of accountability and control arrangements
- Redesign of key operational activities

Throughout the engagement, the focus remained on creating greater visibility of how work moved through the operation and where complexity was limiting performance.

Creating Visibility Before Improvement

One of the most significant breakthroughs in the programme was the development of a dynamic operational map of the vault estate.

The visualisation provided a clearer understanding of vault ownership, inventory movements and workflow across the operation.

The mapping exercise revealed a level of complexity and fragmentation that had not previously been fully visible to senior leadership.

Following multiple rounds of trading activity, ownership and location of gold frequently became dispersed across numerous vaults, creating operational complexity, increasing movement requirements and contributing to delay.

The resulting visibility allowed leadership to better understand the root causes of performance constraints and created the confidence required to support broader operational improvements.

Risk Reduction & Control Improvements

A key aspect of the programme involved improving the accuracy and effectiveness of vault verification activities.

This included redesigning elements of the monthly vault "tell" process, enhancing control arrangements through improved cross-checking and the use of statistically valid random serial-number sampling techniques.

The result was:

- Reduced counting errors
- Improved accuracy of physical verification activities
- Reduced likelihood of full vault recounts
- Strengthened confidence in inventory integrity
- Reduced operational risk associated with asset custody

The retrieval process was also redesigned in ways that reduced handling errors and minimised the time that gold remained outside the most secure storage locations prior to collection.

The Results

The programme delivered measurable improvements across both efficiency and quality.

Outcomes

✅ 55% reduction in operational lead times
✅ 60% reduction in operational errors
✅ Increased capacity during a period of elevated demand
✅ Improved operational resilience
✅ Stronger control environment
✅ Reduced risk of counting and handling errors
✅ Improved visibility of operational activity
✅ Governor's Award for Operational Transformation

The improvements enabled the operation to deliver higher service performance whilst maintaining the robust control environment required within a central banking context.

Lessons for Leadership Teams

- Performance and control are not competing objectives.
- Operational complexity often remains hidden until visualised.
- Meaningful improvement requires both stakeholder alignment and operational insight.
- Risk reduction and efficiency improvement can often be achieved simultaneously.
- The greatest improvements frequently begin with a better understanding of how work actually flows through the organisation.

Why It Matters

Many organisations assume performance improvement requires a trade-off between speed and control.

This engagement demonstrated the opposite.

By creating greater clarity around how work moved through the operation, it was possible to improve both performance and assurance simultaneously.

The challenge was not technology.

The challenge was complexity.

Key Takeaway

Most operational challenges are not caused by a lack of effort.

They are caused by complexity that has accumulated over time.

The most effective organisations do not eliminate complexity.

They create clarity around it.

Andrew McGillivray

Board Advisor | Fractional COO | Operational Excellence & Transformation Leader

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